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Israeli Jets Bomb Iraqi Reactor

By William Claiborne

Washington Post Service

JERUSALEM — Israeli warplanes bombed and destroyed a French-built nuclear reactor near the Iraqi capital of Baghdad because it posed a threat to the very survival of Israel, the Israeli government announced Monday.

The army command said that the Israeli jets, flying more than 600 miles (960 kilometers) into Iraqi territory, completely destroyed the 70-megawatt, uranium-powered Osirak reactor, located about 18 miles south of Baghdad, in a mission "carried out to perfection" on Sunday. All of the Israeli planes returned to their bases, the command said.

[Iraq confirmed Monday that Israel had attacked the nuclear installations near Baghdad and said nine Israeli planes were involved in the attack but gave no details of damage. United Press International reported from Beirut. In a statement issued through the Iraqi news agency, the Baghdad government also charged that the Israelis had acted in league with Iran repeatedly since the outbreak of the Iran-Iraq war last Sept. 22. UPI reported.]

[Iraq called Monday night for an emergency meeting of the Arab League to discuss the attack. Reuters reported. Baghdad vowed to continue its nuclear development. A Foreign Ministry spokesman, quoted by the Iraqi news

agency, said that the foreign ministers of the Arab League should meet in Baghdad to discuss "the Zionist aggression on Iraq and the attack on the nuclear reactor in Baghdad." Reuters reported.]

The Israeli government said that the bombing raid was scheduled for Sunday on the assumption that the 100 to 150 French nuclear technicians who work at the reactor site would be off duty, thereby minimizing the risk of casualties. The Israelis said that none of the foreign employees was hurt. Because the reactor was not yet in operation, chances of radiation leakage were extremely limited, French atomic industry sources said.

Part of Complex

[The Osirak reactor is part of a complex that houses a second, smaller reactor, also supplied by France. Another small, Soviet-built test reactor on the site was already in operation, but it could not be learned whether it was hit by the planes. The Associated Press reported.]

Osirak, according to the Israelis, was nearing the capability of producing from either plutonium or enriched uranium fuel supplied by France up to four atomic bombs of the size exploded over Hiroshima, Japan, near the end of World War II. It would have been operational either in early July or early September, according to Israeli intelligence.

"Thus, a mortal threat to the very existence of Israel was emerging," the Israeli government declared.

The air strike appeared to give Mr. Begin a major boost in his reelection campaign in the June 30 Israeli general election, as his opposition candidates Monday night issued a flurry of statements supporting the operation and underwriting the threat to Israel of an Iraqi nuclear arsenal.

Inexplicably, more than 24 hours passed from the time of the air attack until the Israeli announcement, without a word of protest from the Iraqi government. The air strike was ordered, the Israeli statement said, because reliable intelligence sources had indicated the reactor's function was to develop nuclear bombs to be used against Israel.

Israel said it decided to act now because in a few months the reactor would be operational and that bombing it then would be certain to scatter deadly radioactivity over densely populated Baghdad.

'Ensure Existence'

Had Israel not acted, the government declared, "we would have been compelled to passively observe the process of the production of atomic bombs in Iraq, whose ruling tyrant would not hesitate to launch them against Israeli cities, the centers of its populations." "Therefore, the government of Israel decided to act without fur-

ther delay to ensure the Israeli peoples' existence," the statement added.

As evidence of the danger, the Israelis cited statements made by Iraqi President Saddam Hussein shortly after Iranian jets reportedly bombed the reactor last Sept. 30, causing only superficial damage to auxiliary buildings.

"Saddam Hussein stressed that the Iranian attempts to attack the reactor were pointless, since it was being constructed against Israel alone," the Israeli statement said. At the time of the September air strike, there were recurring suggestions in Baghdad and abroad that Israeli aircraft disguised with Iranian markings had been responsible. Israel denied it was involved in that air strike.

In an obvious reference to France, which sold the \$250 million experimental reactor to Iraq, and to Italy, which supplied a \$50 million radiochemistry laboratory complex, the Israeli government Monday declared:

"Two European governments, in return for oil, have assisted the Iraqi tyrant in the construction of atomic weapons. We again call upon them to desist from this horrifying, inhuman deed. Under no circumstances will we allow an enemy to develop weapons of mass destruction against our people. We will defend the citizens of Israel, in time and with all the means at our disposal." Prime Minister Menachem Be-

gin, in a radio interview Monday night, said the decision to bomb the Iraqi facility was made "many months ago," but had been repeatedly postponed.

"We are convinced from the information at our disposal that they could have produced three, four or five bombs... and you must understand that for the last two years I have been living in a nightmare," Mr. Begin said.

When asked what kind of world reaction he expected to the raid, Mr. Begin said, "We will withstand all the reaction, because what we did was defend ourselves. We warned the French; we told them not to continue to supply the Israelis with this equipment."

Asked about Arab world reaction, Mr. Begin replied, "I don't care about the Arab world. I care about our lives."

For more than a year, Israeli officials have raised the alarm publicly about the Iraqi nuclear development program. On July 14, 1980, France's Bastille Day, Mr. Begin made a speech in which he accused France of "creating an extremely dangerous situation," and in a television interview the same day, Deputy Prime Minister Yigal Yadin said that Israel would take measures against the atomic program.

On July 28, Foreign Minister Yitzhak Shamir called in the French chargé d'affaires at the French Embassy to express the

government's opposition to the sale of the nuclear equipment.

Various foreign intelligence agencies, including the U.S. CIA, have reported in the past that Israel either has already developed nuclear warheads or is close to developing them.

Israel has never confirmed that it is engaged in developing atomic weapons at a nuclear research complex near Dimona, in the Negev Desert, saying only that Israel will not be the first country in the region to introduce nuclear weapons.

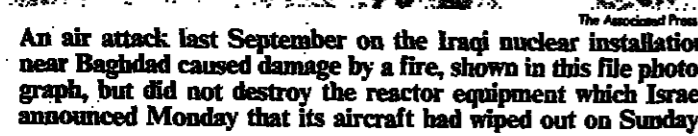
Israel's leading nuclear physicist, Yuval Neeman, of the Tel Aviv University, said in a radio interview Monday night that it was obvious from scientific conferences he has attended that Iraq, even though it signed the nuclear non-proliferation treaty, was preparing to build nuclear bombs.

He said the French demonstrated irresponsibility after the Sept. 30 air attack by leaving the nuclear reactor and with it 12 kilos (26 pounds) of enriched uranium.

Mr. Neeman, who is running for Israel's parliament against Mr. Begin in the June 30 national election, said he approved of the air strike.

Other reaction Monday night from opposition leaders was guarded, but, for the most part, supportive of the strike. Opposition Labor Party leader Shimon Peres, vacationing in the

(Continued on Page 2, Col. 6)



An air attack last September on the Iraqi nuclear installation near Baghdad caused damage by a fire, shown in this file photograph, but did not destroy the reactor equipment which Israel announced Monday that its aircraft had wiped out on Sunday.

U.S. Condemns Israel for Attack, Fears Effect on Mideast Tension

From Agency Dispatches

WASHINGTON — The State Department on Monday condemned the Israeli air strike on Iraq's nuclear installation as threatening to heighten serious tensions in the Middle East.

Department spokesman Dean E. Fischer said Israel used U.S. military equipment in the attack Sunday, possibly violating the terms under which the equipment was delivered to Israel.

Mr. Fischer said a report on the attack is being prepared for submission to Congress in accordance with U.S. law. Israel was believed to have used U.S. F-4 Phantom jet fighter-bombers in the raid on the installation at Tammuz, about 18 miles (30 kilometers) from Baghdad.

The Foreign Military Sales Act restricts foreign recipients of U.S. weapons to using them for defense, a provision that is in legal dispute. "The United States government condemns the reported Israeli air strike on the Iraq nuclear

facility... the unprecedented character of which cannot but seriously add to the already tense situation in the area," Mr. Fischer said.

When asked whether the United States disagreed with Israel's judgment that the Iraq facility was a potential security threat to Israel, he said that Iraq has signed the 1970 Treaty on the Nonproliferation of Nuclear Weapons and has undertaken to accept the safeguards of the International Atomic Energy Agency.

No Evidence

Although U.S. military analysts said Monday that weapons-grade nuclear materials could be made by the reactor, Mr. Fischer declared: "We have had no evidence that Iraq has violated its commitments under the treaty."

"But the United States is concerned that the availability of highly enriched uranium and the acquisition of sensitive nuclear facilities, can increase the risk of nuclear proliferation, particularly in sensi-

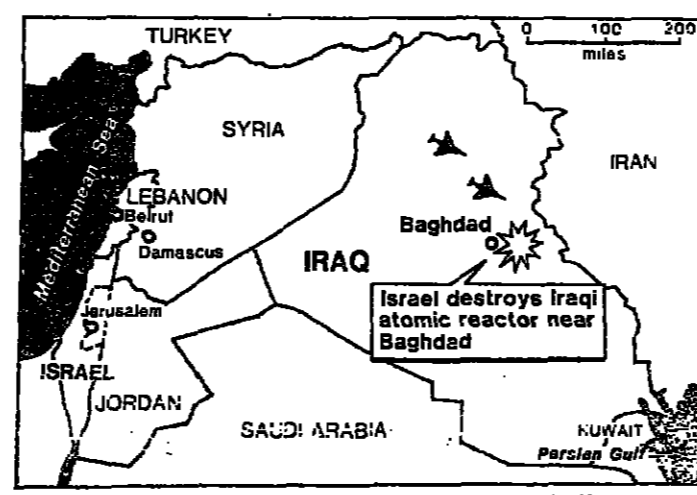
tive and volatile areas like the Middle East."

French Prime Minister Pierre Mauroy, in an interview on French radio Monday, said the French government condemned the Israeli raid. "It is an unacceptable and very grave act that can only add to the tension in this region of the world... and can only complicate an already explosive situation," he said.

The 70-megawatt Osirak reactor was built by the French under a contract signed Nov. 18, 1975. The installation was reportedly scheduled to go into operation this summer.

The first Soviet reports on the Israeli raid suggested that Moscow sees the United States as indirectly responsible.

A brief Tass dispatch from Baghdad quoted Iraq's announcement of the attack, but gave no further details. The agency reported from Washington that the Reagan administration had been informed Sunday by Israel of the



attack. Quoting Mr. Fischer, Tass said there were indications that the planes used in the raid were U.S.-made.

In a later dispatch, Tass said: "The world community has received with profound concern the news report about the barbarous attack by the Israeli Air Force on nuclear facilities in Iraq." The agency quoted a spokesman for UN Secretary-General Kurt Waldheim as saying he was seriously concerned about the raid.

Egypt strongly denounced the Israeli attack. Foreign Minister Kamal Hassan Ali described the raid as "grave, irresponsible and unjustified," and said Egypt considered the attack a serious development.

Britain, which was preparing for a state visit Tuesday by King Khalid of Saudi Arabia, also said Israel for the raid. "We do not as yet have confirmation of the details, but this appears to have

(Continued on Page 2, Col. 5)

Russia, in Letter, Warns Warsaw to Toughen Policy

By John Darnton

New York Times Service

WARSAW — The Soviet Union's Communist Party has told Poland's leaders that they are not acting resolutely enough to stem the tide of counterrevolution and warned that Soviet-bloc countries "will not leave Poland alone" in its crisis, reliable sources within the Polish Communist Party confirmed Monday.

The letter from the Soviet Central Committee directly to the Polish Central Committee was the first such official notice in the 11-month crisis and it contained the ominous words "we will not leave Poland alone."

Meanwhile, government negotiators met for more than five hours with leaders of the Solidarity independent trade union, but failed to come up with any apparent progress in efforts to avert a two-hour warning strike called for Thursday in four northern provinces.

Lech Walesa, Solidarity's leader, returned from Geneva and promptly began to use his influence to untangle the dispute, which centers on union charges that the government has failed to follow through on investigating an incident of police violence in Bydgoszcz last March.

The letter from the Soviet Central Committee, received Friday, prompted members of the Polish Politburo to schedule an emergency meeting of the Central Committee in Warsaw Tuesday that could be decisive for their future and the future of Poland's social revolution.

The meeting could conceivably result in yet another upheaval in Polish leadership, especially if hard-liners remaining on the committee press the conviction that policies of liberalism and accommodation with Solidarity are leading to an open rift with the Soviet Union and other East Bloc allies.

Harsh Language

As described by those who have read it, the letter was in harsh language and directly criticized by name First Secretary Stanislaw Kania and Premier Wojciech Jaruzelski. It said that the leaders had promised at various meetings to take steps to control the situation, but their words were not followed by deeds.

Mr. Kania and Gen. Jaruzelski, moderates in the leadership, have been attacked by both hard-liners and radicals. Polish party sources said the letter signaled that the letter was addressed to the Central Committee instead of the Politburo, a gesture that emphasized Moscow's lack of trust in Mr. Kania.

"This may not be the final ultimatum," one source remarked Monday. "It may only be the first ultimatum. It may also be the first ultimatum to change the party leadership. Many old-line members of the Central Committee will consider it their last chance to stay in power."

Since he assumed office in September, Mr. Kania has been following a middle-of-the-road course, attempting to balance off concessions given under strike threats to Solidarity with tough-sounding speeches that say liberalism and reform must not be carried too far. He is caught between hard-liners, who appear isolated in Poland but have drawn open support in the Soviet press, and the growing grassroots movement for democratic change both inside and outside the party.

Losing Patience

Specifically, the letter cited Moscow's view that the Polish news media is out of the party's control, and the message pointed to attacks upon police as a sign that the authorities are unable to assert themselves. There was no mention of the registration of independent unions or Poland's growing economic difficulties, sources said.

The document reportedly brought up the assertion that Poland owes its independence to the Soviet Union and asserted that Moscow is the only guarantor of Poland's boundaries.

News of the letter came after Poland's Deputy Premier Mieczyslaw Rakowski warned in a speech Sunday that the nation's Soviet allies are losing patience over the recurring crisis. He also said Poland's harassed rulers have exhausted their capacity for compromise.

Many observers believe that Moscow is especially upset by calls for change within the party itself, and by the prospect that such change could be irrevocably set at an ex-



Stanislaw Kania



Wojciech Jaruzelski

traordinary party congress scheduled for mid-July. Some party members privately express the fear that the leadership may attempt to postpone the congress, a move that would touch off rebellion within the party ranks.

As one more example of the dilemma facing Mr. Kania, a group of 22 intellectuals, some of them party members, released a statement supporting the country's democratic renewal even as the news of the Soviet letter was spreading. Any attempt to halt reforms, they said, would have incalculable consequences because it would shatter social expectations and meet universal opposition.

"The only way out of the deep economic, social and political and

(Continued on Page 2, Col. 1)

Khomeini Threatens To Oust Dissidents

By Annette von Broecker

Reuters

TEHRAN — In one of his sharpest outbursts, Iran's revolutionary leader Ayatollah Ruhollah Khomeini Monday warned that he would remove dissident politicians from office if they continue to challenge Islamic authorities.

"Everyone should know that when I feel danger toward the Islamic republic and Islam, I will not sit back and advise. I'll cut everybody's hands off," the ayatollah said. This is a Persian saying for removing people from power.

The 81-year-old leader was speaking after sporadic shooting and street fights broke out in central Tehran Monday following a ban imposed by the revolutionary prosecutor on six newspapers, including one owned by President Abolhasan Bani Sadr.

The president condemned the ban as a move to impose a new dictatorship and called on his supporters to demonstrate against it.

In a broadcast speech, his voice choking with anger, the ayatollah said, "I'll do the same that I did with the shah... with those who want to oppose the prosecutor's office, the Majlis and other institutions." He did not use names.

Fighting has been reported between supporters of Mr. Bani Sadr and Islamic extremists near the Tehran bazaar, which was partially closed, and the Turkish and British embassies. Revolutionary guards fired warning shots and tear gas grenades to disperse groups of demonstrators shouting support for Iran's embattled president. There were no reports of casualties.

Bani-Sadr Speech

Despite the ban on his afternoon newspaper, Islamic Revolution, Mr. Bani-Sadr's supporters hurriedly circulated a four-page tabloid free of charge. Its front page carried the full text of a speech made by Mr. Bani-Sadr Sunday in the western city of Hamadan.

Mr. Bani-Sadr was quoted as saying, in part: "In this moment there is no other way to save the country but to resist... Iran must

resist this strong inclination toward dictatorship." He added that the clergy-dominated authorities have tried to impose a system of suppression.

In his reply Ayatollah Khomeini indirectly accused the president of imposing his own dictatorship.

The ayatollah called on Iran's revolutionary guards to arrest anyone who created disturbances and warned merchants in Tehran's bazaar not to listen to the voice of deviation. "Closure of the bazaar, demonstrations, and deviationist speeches are against the interests of Islam and the interests of God," he said, adding that any protest demonstrations without government permission would be prevented.

Conciliatory Gesture

The ayatollah ended his speech with a conciliatory gesture: "Come back to the law; come back to the Koran. Do not cause [differences] that will isolate you. I like most of you and I want you to act in accordance with law."

Earlier today, Iran's chief government spokesman, Behzad Nabavi, told a news conference there is still time to repair the strained relationship between Mr. Bani Sadr and the government. Mr. Nabavi said the government has repeatedly invited the president to attend cabinet meetings.

But he also said that the government, though not the agency imposing the ban on the president's newspaper, agreed with the action of the prosecutor.

High Court Refuses Challenge

WASHINGTON (UPI) — The Supreme Court Monday refused to consider at this time a Dallas-based computer company's challenge to the agreement that freed the 52 American hostages from Iran.

The justices declined to expedite an appeal filed in the lower federal courts by Electronic Data Systems Corp., which is seeking to collect on a \$20-million judgment against Iran for failure to pay for data processing services.



Ayatollah Ruhollah Khomeini

Italy Supports French Views on U.S. Fiscal Policy

The Associated Press

ROME — Italy joined France on Monday in criticizing the United States' tight money policy, which has recently driven up the dollar to record levels against both countries' currencies.

Italian Foreign Minister Emilio Colombo told Claude Cheysson, French minister of external affairs, that Italy shares France's concerns about the dollar's strength. Mr. Cheysson told President Reagan last week in Washington that France believes high U.S. interest rates are hurting Europe.

"I expressed to Cheysson the preoccupation that exists in Italy over U.S. monetary policy," Mr. Colombo said after a three-hour talk in Rome.

Mr. Colombo said that Europeans must allow the United States to fight inflation, but without causing "serious disruptions. We are the trusted allies of the United States, but we ask them to understand the serious consequences that [their monetary] policy has for us."

Carter Ex-Aide Calls Gulf Plan Haphazard

By Don Oberdorfer

Washington Post Service

WASHINGTON — President Jimmy Carter's commitment of U.S. military power to defend the Gulf region "grew out of last-minute pressures for a presidential speech" without detailed study of its consequences and has been "unofficially accepted" by the U.S. public, according to David D. Newsom, who was the State Department's senior career official at the time the policy was announced.

Mr. Newsom, who was undersecretary of state for political affairs from 1978 to 1981, said his first knowledge of what has been called "the Carter Doctrine" came when he saw the State of the Union address in which the policy was announced on Jan. 23, 1980.

Mr. Newsom said the Gulf countries were not consulted or notified in advance.

In an article published Sunday in Foreign Policy magazine, amplified in an interview with The Washington Post, Mr. Newsom called the Carter statement "a major new global commitment" for the United States.

He criticized the formulation of the policy and suggested a national debate on its use, but stopped short of saying that the Gulf commitment was a mistake. He said in the interview, however, that if he had been asked — he was not — "I would have said this is going further than we were really prepared under all the circumstances."

Opinion Known

Mr. Newsom said that his unhappiness with the policy was known in government circles, but that while he raised questions he did not take a position of opposition in intragovernmental meetings because he considered himself a representative of the State Department loyal to a presidential decision.

Mr. Newsom, now director of administration and programs at Georgetown University's Institute for the Study of Diplomacy, said it is not unprecedented for a major policy to emerge in such a way without detailed planning. He

cited the Marshall Plan for the reconstruction of Europe in 1947 and President Truman's "Point Four" plan for aid to developing nations in 1949. Neither involved a military commitment from the United States, however.

The Carter Doctrine followed the fall of the Shah of Iran, the seizure of the U.S. Embassy hostages in Tehran and the Soviet intervention in Afghanistan. Mr. Carter told a joint session of Congress: "Any attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America, and such an assault will be repelled by any means necessary, including military force."

In Foreign Policy, Mr. Newsom wrote that "when the Eisenhower Doctrine, which called for the United States to come to the aid of nations requesting assistance when attacked by international Communism," was promulgated in 1957, it was extensively debated in Congress and in the media. A joint resolution of Congress ultimately approved the doctrine.

The Carter Doctrine goes further, Mr. Newsom said, because "the United States now decides when to intervene, with or without a request." He said there has been little congressional scrutiny or public debate and "as far as is known, neither the current administration nor the previous one has ever conducted a detailed study of the implications of the policy or its alternatives."

Moreover, he said, at the time of the Carter announcement, "the United States had no capacity to back up that commitment with either troops or aircraft based in the region." He called the statement "a formal expression of presidential intent, supporting the creation of a security framework yet to be formed."

That framework is still in the making, with plans for expansion of the Rapid Deployment Force and negotiations with several Indian Ocean nations for U.S. use of their air and sea installations.

INSIDE

Namibia Shift

While calling President Reagan a racist, Sam Nujoma, the Namibian guerrilla leader, also offered concessions that could help the United States persuade South Africa to move toward a settlement in Namibia. Page 5.

S. Korea in Focus

South Korea seems to have achieved a measure of stability under its young fifth republic. But observers political and economic developments are still tinged with uncertainty. A special supplement dealing with the country appears on Pages 7S-10S.

U.S. Is Reportedly Near MX Missile Compromise

By Michael Getler and Lou Cannon

Washington Post Service

WASHINGTON — The Reagan administration and a blue-ribbon panel of outside experts studying the future of the MX missile are moving toward a proposal that discards major elements of the original basing plan and revives the possibility of an anti-ballistic missile defense system.

Senior officials stress that no final recommendations or decisions have been made.

But interviews with several persons in and out of government who are close to the deliberations suggest that a compromise is

emerging that offers something for everybody. It will allow, sources say, the administration to start modernizing the land-based component of the U.S. strategic nuclear missile

In the American West, growing MX opposition. Page 4.

forces with the MX, keep open several different options for the future and soften some of the political opposition to the previous proposal for a massive MX deployment in Utah and Nevada.

The key elements and options reportedly include: • Putting the MX missile into (Continued on Page 2, Col. 3)

East Europeans Vary In Poland Criticism

VIENNA — National differences are emerging as East European states line up, some enthusiastically and some reluctantly, in a Soviet-led media campaign against what Moscow has called counter-revolution in Poland.

Czechoslovakia, Bulgaria and East Germany have been quick to echo recent Soviet attacks on reformers in Poland's Communist Party while Hungary and Romania have kept comments on the Polish crisis more muted.

The one unifying point is a widespread belief in Eastern Europe that Moscow seems ready to drive its polemics against Poland to a new high point, according to Western diplomats in the area. But

they could not say whether this would lead to military intervention to halt Warsaw's reforms.

Hungary, which has been the most even-handed in its comments on Poland, joined nonaligned Yugoslavia last week in stressing the independence of each Communist Party from Moscow.

The statement, made during a visit of Yugoslav Party leader Lazar Mojsov to Budapest, seemed to be a veiled expression of support for Warsaw.

Western diplomats in Budapest said it was unexpected, especially since a Hungarian commentary warned against counterrevolution in Poland in late May, and the press has since repeated tougher than usual Soviet comments on Poland.

Romania, which opposed the 1968 Warsaw Pact invasion of Czechoslovakia to end reforms there, restated its "hands-off" position last week in a speech by President Nicolae Ceausescu.

Although it clearly disapproves of the Solidarity independent union, Bucharest has printed only positive reports about Poland in its few press comments on that country in recent weeks.

Polish Foreign Minister Jozef Cyrtek made a short visit to Romania last Thursday after which both sides called for "a peaceful solution to all interstate conflicts and disputed issues." Western diplomats in Bucharest said nothing more was known about the purpose of the visit.

More orthodox tones have dominated press comments from other states on what they see as the danger of revisionist and counter-revolutionaries' taking over the Polish Communist Party.

The Czechoslovak press, one of the most enthusiastic critics of what the Poles call their "renewal process," accused the Polish Party last week of two cardinal Communist sins.

The Czechoslovak Party daily Rude Pravo said that the Poles were admitting too many uncommitted youths into the party and not enough workers, while the Slovak Party daily Pravda accused Polish politicians and Solidarity leaders of advocating the renegade Communist principles of Leon Trotsky.

East Germany pitched in with support for a hard-line Polish Communist group hailed by Moscow but denounced by the Warsaw leadership. The group, the Katowice Forum, urged a return to orthodox Communist policies.

Bulgaria broke a long silence last week to say that Poland's Communist system was threatened by anti-Soviet forces. Western diplomats in Sofia said the article, printed prominently in three Sofia dailies, was the most critical and pessimistic statement to date from Bulgaria.

Polish Party Is Warned

(Continued from Page 1) moral crisis is the road to renewal," the statement said. Statements in similar vein from trade unions at major factories suggest that the union activists are losing patience as rapidly as the Soviet Union. An open letter to the premier from the Solidarity chapter at the huge Katowice steel mill said it was time to get moving or to change the governing team.

Reagan Message to ILO GENEVA (NYT) — President Reagan stressed in a message Monday to the International Labor Organization the demands being made in some countries by workers and employers for the right to represent their own interests independent of government or political party.

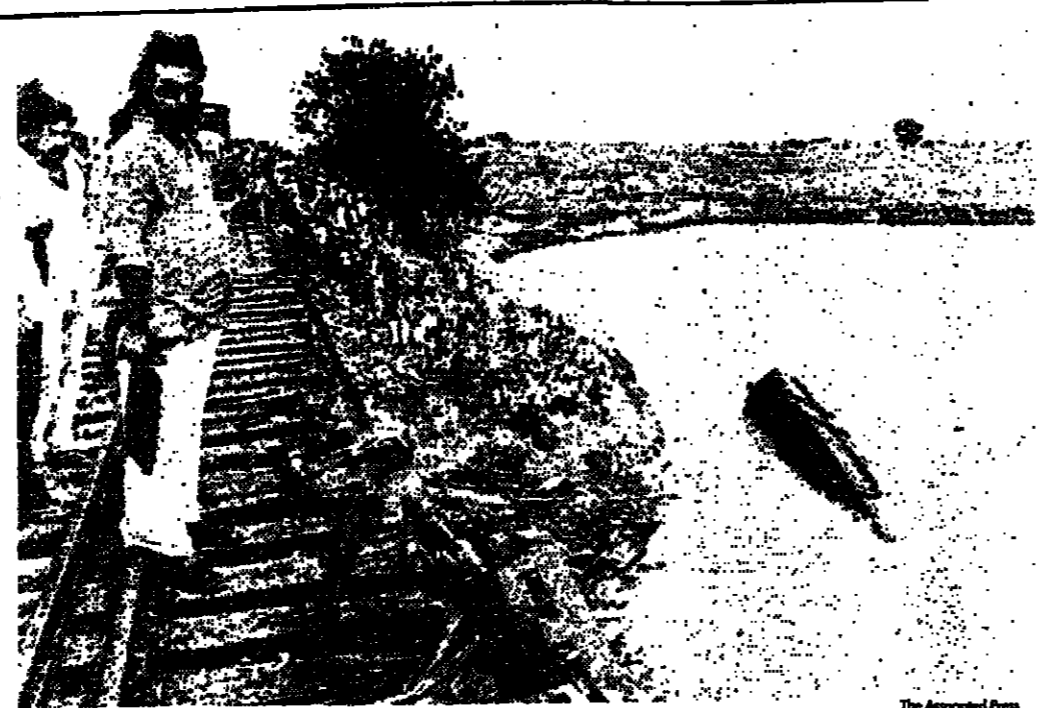
The government, trade union and industry delegates attending the 145-nation ILO's annual assembly saw in the message a direct allusion to events in Poland.

Secretary of Labor Raymond J. Donovan, who read the message, was also believed to be alluding to Polish events when he termed the ILO session historic because it was taking place at a time of profound changes in many parts of the world in the relationship between government and the people.

Three days earlier, the assembly, with the exception of the Soviet Union and other Communist delegations, gave an ovation to Solidarity leader Lech Walesa, after hearing him assert that the process of change under way in Poland was irreversible.

Belgian Official to Russia

MOSCOW — Belgium's foreign minister, Charles-Ferdinand Nothomb, will visit the Soviet Union this month, Tass said Monday.



SEARCH CONTINUES — Workers kept up rescue efforts for missing bodies Monday after seven cars from a passenger train plunged into the Bagmati River in India's Bihar state.

Over 1,000 May Have Died in India Train Wreck

NEW DELHI — More than 1,000 people may have been killed when seven crowded passenger train cars plunged off a bridge and into a river, an official said Monday. A death toll that large would make it one of the worst railway accidents in history.

"At least 1,000 people have died but we have fished out only 97 bodies so far," a district magistrate said. Navy divers and local fishermen searched the Bagmati River but were able to find

only two of the seven cars. Railway officials said that 500 tickets had been sold for the train, but Indian news agency reports quoted villagers as saying the train was overcrowded and that many people were perched on the roofs.

The magistrate said the wreck in Bihar state, about 650 miles (1,100 kilometers) southeast of New Delhi, was caused when the engine braked to avoid hitting a cow. He said heavy winds also contributed to the accident, which occurred Saturday.

U.S. Appears Near Missile Compromise

(Continued from Page 1)

production while scaling down, at least initially, the original deployment plan, which called for shutting 200 missiles among 4,600 underground shelters in Utah and Nevada. Under consideration is a plan that would cut that deployment roughly in half, clustering fewer missiles and shelters in fewer valleys and reducing the environmental impact and cost.

Doing preparatory work that would allow MX missiles to be placed in underground silos now used for older Minuteman and Titan missiles in other states. This option would allow the first MX missiles to be fielded roughly one year earlier than at the Utah and Nevada bases.

Accelerating research, development and testing, though not necessarily deployment, on an anti-ballistic missile (ABM) defense system to protect silos from Soviet attack.

Beginning a study of funding needs for a missile smaller and lighter than MX that, several years from now, could be produced in large numbers and moved around the country by road, plane or rail so that it would be relatively invulnerable.

Accelerating development of

the advanced, D5 version of the submarine-based Trident missile, which, several years hence, would give the Navy the same ability to destroy Soviet missile silos that MX is supposed to have. The possibility of putting MX to sea, an option once favored by Defense Secretary Caspar W. Weinberger, is now viewed as dead.

The idea behind these options is that they allow the basic MX to move ahead while work goes on with the other approaches.

For the Reagan White House, the questions of whether and where to deploy MX are crucial. This is partly due to the missile's \$35 billion-to-\$60 billion price tag and political opposition to constructing huge new bases in Utah and Nevada.

The Air Force contends that years of studies of more than 30 possible ways to base MX repeatedly go back to the idea of shutting the 200 missiles among 4,600 protective shelters scattered in the Great Basin of Utah and Nevada. That seems to be the best way to keep the missile safe from Soviet attack, since Soviet commanders would not know which shelters hid the missiles.

The Carter administration accepted this scheme. But Mr. Reagan, as candidate and presi-

dent, has frequently said that while the United States needs the missile, he does not like the Air Force's idea. Mr. Weinberger has said the same thing.

In March, rather than proceeding with the Carter plan, Mr. Weinberger appointed a 15-member panel of non-government experts to take yet another look at the MX and report to him by July 1. Mr. Weinberger says the conclusions will be seriously considered by the administration.

A compromise plan, some sources say, may be easier on local politicians because it does represent a cutback and suggests the administration has done something to take their concerns into account.

At the same time, it would avoid total abandonment of the original plan, which could cause trouble with allies in Europe if they see U.S. political opposition succeeding at getting rid of land-based missiles. European governments now face protest movements because the United States wants to put medium-range missiles there.

U.S. Decries Iraq Attack

(Continued from Page 1)

been an unprovoked attack," said a Foreign Office spokesman. "We can only condemn such a grave breach of international law, which could have the most serious consequences."

Mr. Fischer said Israel did not inform the United States of the attack until after it took place.

The Italian Foreign Ministry released a statement Monday expressing its "grave concern" over the Israeli raid and saying it understood that about 20 Italian technicians working at the site were not injured. Iraq bought part of its nuclear research facilities from Italy.

In April, 1979, unidentified attackers blew up parts of the Osirak reactor as they awaited shipment in the Mediterranean port of La Seyne-sur-Mer, and various French officials hinted that the explosives might have been planted by Israeli secret service agents.

Last August, a senior Egyptian-born nuclear scientist who was a principal figure in the Iraqi nuclear program was murdered in his Paris hotel room, and again there was speculation that Israeli intelligence agents were responsible. Israel denied involvement in both incidents.

In September, while about 100 French technicians were working at Tammuz and 600 Iraqis were getting atomic science training in France, Iraq invaded Iran. Fearing Iranian aerial attacks, the French pulled out most of their technicians and stocked the nuclear fuel in concrete bunkers, just before several F-4 Phantom jets carrying Iranian markings attacked the site of the reactor.

Asked whether the latest raid might change plans by French President Francois Mitterrand to become the first French head of state to visit Israel, Mr. Mauroy replied, "We are limiting ourselves to a firm condemnation of the attack."

As to whether France would continue to deliver weapons-grade uranium to Iraq, Mr. Mauroy said, "The attack has answered that problem." Faced with persistent questions on whether France would replace the reactor if Iraq asked, he said:

"It is a request that we would study. ... France wants to make its arms sales policies more moral. We want to respect our pledges but we want a reinforcement of controls over nuclear power stations and we no longer want to be a major arms salesman on the international scene."

13 Liberian Soldiers Condemned for Plot

MONROVIA, Liberia — Thirteen soldiers have been convicted of treason and sentenced to execution by firing squad, according to the government.

The soldiers were convicted by a special court-martial board of plotting to overthrow the Liberian military government.

Lebanese Cease-Fire, Arms Removal Proposed by Arab League Committee

The Associated Press

BEIT ED DINE, Lebanon — With Saudi Arabia and Kuwait mediating, Syria and the Lebanese Christians and Moslems resumed negotiations Monday on a peace plan calling for a cease-fire throughout Lebanon and the removal of heavy arms from the major cities.

The Arab League emergency committee — made up of the Saudi, Syrian and Kuwaiti foreign ministers and the secretary-general of the League — began peace-making efforts Sunday at this Lebanese mountain resort in an attempt to end fighting between Syrian troops and Christian militiamen in which more than 644 Lebanese have been killed since April 1.

A lull in the fighting was reported Sunday as the peace effort got under way.

Cease-Fire First

Philip C. Habib, the special U.S. envoy who is en route to the Middle East, left Paris Monday. A U.S. Embassy spokesman in Paris

refused to be specific about a destination for Mr. Habib, who spent 20 days shuttling around the Mideast on a peace mission last month.

The peace plan was proposed by Arab League Secretary-General Cheddi Klibi during 14 hours of talks and was received favorably by leaders of Lebanon's Muslim and Christian factions, sources close to the Beirut conference said.

Beirut Radio quoted Lebanese Premier Shafiq al-Wazzan, a Moslem, as saying the conferees were giving top priority to efforts to arrange a cease-fire so the talks could continue in "complete security and stability."

The Christian Voice of Lebanon radio said a peace plan under discussion called for a cease-fire, the removal of heavy weapons from the major cities and discussion of Syria's role in Lebanon.

But reports from Lebanese sources said the Syrians posed a key problem for the Christians by

demanding that they publicly break their ties with Israel.

Bechar Gemayel, commander of the Christian Phalange Party's militia, made no mention of Israel after speaking with the mediators Sunday, but he did say he was optimistic about "a new opportunity for us to resolve the crisis. We accept it and are willing to come to an understanding."

Walid Jumblat, leader of Lebanon's leftist Moslem coalition, said the success or failure of the current talks would depend on the rightist Christians' willingness to break with their Israeli backers. "National enclaves now hinges on one matter. This matter is a pledge by the Lebanese (Christian) Front to sever all ties with Israel."

Israel has become a prime weapons supplier to Christian forces and has pledged to protect them against Syria's air force. Syria claims that that poses a direct threat to its security by opening Christian territory in Lebanon as a possible Israeli invasion route to Syria.

IRA Begins Stepping Up Maze Strike

From Agency Dispatches

BELFAST — A fifth inmate joined the Maze prison hunger strike Monday in a campaign for political status for Irish Republican Army prisoners and the IRA vowed to add a new hunger striker every week until Britain yields.

The British Northern Ireland Office, which administers the province, said that, Thomas McIlwee, 23, serving a life sentence for manslaughter in a 1976 bombing raid in which a woman was burned to death, has joined the fast.

Sinn Fein, the political branch of the Provisional IRA, said earlier that Mr. McIlwee, who lost an eye in the premature explosion of an IRA bomb, would join four other convicts fasting in support of the IRA's demand that its imprisoned members be treated as political prisoners. Four prisoners died last month in the hunger strike, but the British government maintained its stand that the IRA prisoners are common criminals.

In a statement issued through Sinn Fein, Maze prisoners said they were abandoning their previous strategy of having only four men on strike and adding new men to the protest only as replacements for those who died. They said this had "allow[ed] the British a recuperation period during which they enjoy a lessening of pressure and can callously prepare for the deaths of the next hunger strikers."

90 Volunteers

Sinn Fein spokesman Danny Morrison said, "There could be one or two new hunger strikers every week from now on. There will be another one starting this week."

Mr. Morrison said there are 90 to 100 hunger strike volunteers at the prison, whose inmates include almost 400 men jailed for Irish nationalist activities.

The four prisoners who died last month succumbed after fasting for between 59 and 66 days. Joseph McDonnell, 30, is the longest survivor of the four now fasting. He has been without food for 31 days, so it is likely to be about three weeks before he reaches the critical stage. The others have fasted for between 11 and 18 days.

Since the death May 5 of Bobby Sands, the first in the current wave of hunger strikers, 34 civilians, policemen and soldiers have died across the province in violence stemming from the fasts.

Israelis Hit Iraq Reactor

(Continued from Page 1)

resort city of Eilat, said, "Once again, the Israeli Air Force showed it is the best in the world." Mr. Peres said he would withhold further comment until a meeting Monday of the parliament's defense and foreign affairs committee. Similar backing of the raid came from former prime minister Yitzhak Rabin and former foreign minister Abba Eban.

Last November, Iraq prevented inspection of its nuclear facilities by the International Atomic Energy Agency, saying that IAEA inspectors could not come to Baghdad because of the current war conditions.

The core of the Iraqi nuclear program was purchased from France after France's then Prime Minister Jacques Chirac visited Baghdad and discussed with President Hussein the sale of two reactors, one for power production and the other for research. The Iraqis first insisted on purchasing a 500-megawatt uranium graphite-gas reactor which could produce not only electricity but also hundreds of kilograms of plutonium, which could be diverted for military purposes.

After extended negotiations, the Iraqis finally bought the 70-megawatt reactor, along with six charges of 12 kilograms (26 pounds) of uranium enriched to 93 percent. The French also agreed to help train 600 Iraqi technicians and scientists, and to supply a second, one-megawatt research reactor.

Following the Chirac-Hussein agreement, Iraq committed itself to sell France 10 million tons of oil annually and make arms purchases from France amounting to \$1.5 billion.

WORLD NEWS BRIEFS

Probe of Cameraman Continues in Atlanta

New York Times Service

ATLANTA — Authorities are continuing their investigation into the background and activities of a young black man who was detained for 12 hours last week and questioned about the mysterious deaths of 28 young blacks in the Atlanta area over the last 22 months.

Sources familiar with the proceedings said Sunday that laboratory analyses of carpet samples and sweepings, pieces of clothing and animal hairs obtained from the home of the man, Wayne B. Williams, showed "encouraging" and "promising" matches with fibers found on some of the victims' bodies. However, crime-lab technicians refused to comment.

High-ranking task force officials said their investigation of Mr. Williams — a 22-year-old, free-lance television cameraman — was continuing because "he's the best possibility we have at this time." No charges have been filed against Mr. Williams and he has not been officially identified as a suspect in any of the murders.

Gulf Ministers Discuss Economic Cooperation

The Associated Press

RIYADH — Finance and economy ministers of the six-nation Gulf Cooperation Council met here Monday to devise a collective cooperation pact and abolish bilateral agreements.

The meeting was chaired by the Saudi Arabian finance and economy minister, Mohammed Aba al-Khail, with his counterparts from Kuwait, the United Arab Emirates, Qatar, Bahrain and Oman attending. They were to act on a decision by the council's May 25 summit in Abu Dhabi to boost economic cooperation and ensure stability in the region.

Conference sources said the projected pact will abolish all trade and customs barriers among the six countries and encourage private capital for investment projects as part of an economic integration plan.

Britain to Seek Contracts During Khaled Visit

The Associated Press

LONDON — King Khalid of Saudi Arabia arrives here Tuesday for a four-day state visit during which Britain will be seeking a bigger share in lucrative Saudi military contracts.

Prime Minister Margaret Thatcher visited Saudi Arabia in the spring, and talks on defense contracts that began then are due to be continued here. King Khalid's half-brother Prince Sultan, who is defense minister, is scheduled to meet with his British counterpart, John Nott.

Greece Gives U.S. Deadline on Bases Accord

New York Times Service

ATHENS — Greece has given the United States a June 15 deadline to accept its terms in the accord on U.S. bases, and to sign the agreement by June 18. Official sources said that it would otherwise be impossible to conclude matters before the Greek general elections in November.

The sources said the notification by the Greek government did not constitute an ultimatum, but stemmed from the fact that it was, in practical terms, impossible to otherwise ratify the accord before parliament recessed early in July.

Foreign Minister Constantine Mitsotakis said last week that the accord would be signed this month only if certain Greek terms were accepted, but he would not disclose details of his demands. He said the terms under which the bases have been operating since 1953 were lenient and "will most definitely be revised."

Pertini Urges Speedy Effort to Form Coalition

Rosetta

ROME — Italian President Sandro Pertini told Premier-designate Arnaldo Forlani Monday to speed up efforts to form a coalition government. Mr. Forlani's four-party coalition resigned 13 days ago after reports linked some ministers with a secret Masonic lodge.

Local elections take place in many parts of Italy on June 21 and opposition groups believe the five possible coalition parties have agreed to see how they fare in them before completing negotiations on the new government.

Meanwhile, former Foreign Trade Minister Gaetano Stammati, 73, was under treatment in a Milan hospital Monday, but doctors denied press speculation that he had taken an overdose of barbiturates. Mr. Stammati's name appeared on a list of 953 alleged members of the Propaganda Due Lodge, or P-2.

China Said to Fire Official Who Misplaced Secret Data

By Michael Weisskopf

Washington Post Service

PEKING — A ranking Chinese official was summarily dismissed last year for misplacing a document detailing his country's most secret views on Sino-American relations, which fell into the hands of U.S. diplomats, according to a Hong Kong newspaper report.

The respected newspaper Ming Pao reaching here Monday said that a department chief of China's Foreign Trade Ministry who had been visiting the U.S. Embassy in Peking on official business left behind his briefcase containing a copy of the sensitive document.

The official hastily returned for his bag, but was reportedly kept waiting 15 minutes during which time it is suspected that the document was photocopied. U.S. diplomats said Monday that the parcel was promptly returned to the Chinese official when he came back looking for it.

Acting U.S. Ambassador J. Stapleton Roy declined comment, saying the embassy has adopted a standard policy of refusing to comment on stories of that kind. China's Foreign Ministry, which is preparing for Sunday's visit of U.S. Secretary of State Alexander M. Haig Jr., also declined comment.

The Hong Kong newspaper, which is believed to have excellent contacts within the Chinese leadership, said the document in question had been drafted in February, 1980, by Chinese Embassy officials in Washington and signed by China's ambassador to the United States, Chui Zemin.

It reviewed the first year of normalized Sino-American relations, revealed the embassy's opinions on American political and social developments, forecasted the future

Haig Aide, Botha Expected to Meet

The Associated Press

JOHANNESBURG — William P. Clark Jr., the U.S. deputy secretary of state, will probably meet Prime Minister Pieter W. Botha of South Africa this week for talks on independence for South-West Africa (Namibia), the Johannesburg Star reported Monday.

Mr. Botha said Monday that he and his Cabinet had spent the weekend in the Namibian war zone to dispute recent claims by black nationalist guerrillas that they control areas there. He said he and his ministers had traveled freely throughout the zone, which is near the Angolan border.

Mr. Botha did not say whether he would meet with Mr. Clark, who was to arrive in Cape Town on Wednesday. Mr. Clark was flown to Windhoek, the Namibian capital.



WHEN YOU MAKE THE FOLKS BACK HOME WANT TO BE IN YOUR SHOES, SAVE SOME DUTCH GUILDERS ON THE CALL.

Who wouldn't want to be in your shoes? Especially when those feet will be taking you to the famous cheese markets, flower auctions, gorgeous canals, windmills, and a Van Gogh or two. So share it all with your family and friends back home. But before you make that call, here are some guilder-saving tips.

SAVE ON SURCHARGES Many hotels outside the U.S. charge exorbitant surcharge fees on international calls. And sometimes the fees are greater than the cost of the call itself. But if your hotel has TELEPLAN, the way to keep hotel surcharges reasonable, go ahead and call. No Teleplan? Read on!

There are other ways to save money.

SAVE WITH A SHORTIE In most countries there's no three-minute minimum on self-dialed calls. So if your hotel offers International Dialing from your room, place a short call home and have them call you back. The surcharge on short calls is low. And you pay for the call-back from the States with dollars, not local currency, when you get your next home or office phone bill.

SAVE THESE OTHER WAYS Telephone Company credit card and collect calls may be placed in many countries. And where they are, the hotel surcharges on such calls are usually low. Or, you can avoid

surcharges altogether by calling from the post office or from other telephone centers.

SAVE NIGHTS & WEEKENDS Always check to see whether the country you're in has lower rates at night and on weekends. Usually the savings are considerable.

Now that you've learned to walk on wood, you've saved a little shoe leather. And now that you've learned the calling tips, you'll find it easy to foot the phone bill.



Reach out and touch someone

Reagan May Change Tax Bill for Business

By Peter Behr
Washington Post Service

WASHINGTON — The Reagan administration is willing to change some details of its new tax proposal to regain the support of business groups as the congressional fight begins in earnest this week.

James A. Baker 3d, the White House chief of staff, said Sunday that while President Reagan is probably through negotiating with the Democratic leadership on the tax issue, the bargaining with business is not over.

Cliff Massa of the National Association of Manufacturers agreed, to a point: "I have some reason to believe this will settle down" if there are compromises by the administration and the Southern conservatives the administration is trying to win over, Mr. Massa said. "It's hopeful speculation at this point, nothing specific."

Mr. Massa said he and his associates still hope to persuade the administration that it is not necessary to cut \$50 billion from the business tax reductions in the president's original plan. The reduction was made in part to reduce the deficit on tax revenues over the next six years, and thus to make it eventually easier to balance the budget, a concession the administration believes is critical to winning the backing of conservative Democrats.

Meanwhile, House Speaker Thomas P. O'Neill, Democrat from Massachusetts, said his side has some bargaining to do as well, and he will try to pry Republican and Democratic congressmen away from the president's side by forcing separate votes on a half-dozen of the most sensitive spending cuts proposed by Mr. Reagan.

Rep. O'Neill, in a TV interview, cited proposed budget cuts in food assistance for children and the elderly as well as aid for handicapped children and vocational education, declaring, "We're not going to eliminate those programs without a fight."

O'Neill Counterattacks

The House speaker, whose leadership in the economic debate is being questioned by some Democrats, hit hard at Mr. Reagan, again calling the administration tax program a windfall for the rich. "The president truly in my opinion doesn't understand the working class of middle America, what it's all about, what they go through, because of the fact he doesn't associate himself with those types of people," Rep. O'Neill said. "I think that he has very, very selfish people around him."

The administration's immediate problem is dealing with business groups whose leaders and lobbyists were jolted by the sudden change in the proposed tax program. Business groups are also attacking an accounting provision in the administration's new plan that would require some businesses to depreciate investments in equipment over a longer period than called for in the original plan — thus lessening available cash after taxes.

Mr. Massa said this particularly hurts manufacturing, including textiles, machinery, chemicals, aerospace and electronics, whose members loudly supported the president's original economic program.

"I don't think the final details of the program are frozen," Mr. Baker said in a TV interview. He said he thinks the gap that opened suddenly between the administration and the business lobbying groups when the new tax plan was unveiled last Thursday is being closed.



Secretary of State Alexander M. Haig Jr. greeting President Jose Lopez Portillo in Washington.

U.S. Had Plan to Fly A-Weapons to Japan Without Prior Notification, Ellsberg Says

By William Chapman
Washington Post Service

TOKYO — Daniel Ellsberg claimed Monday that the U.S. military had made plans to fly nuclear weapons into Japan during serious emergencies without consulting Japanese officials.

Mr. Ellsberg, a former Pentagon official, said that under plans existing in the early 1960s, U.S. planes were to bring the weapons to American bases in Japan from Okinawa, which was under U.S. control at that time.

He made the remarks during a meeting Monday with opposition members of the Japanese Diet (parliament), who invited him to focus attention on controversial charges that U.S. nuclear weapons had been illegally brought into Japan.

Mr. Ellsberg said the Japanese people had been victims of a long-running "deception" about the nuclear weapons issue, which has occupied center stage in Japanese politics for over three weeks. His statements added more fuel to the controversy and his visit is being given much publicity in the Japanese press.

Mr. Ellsberg said he had not come to Japan "to advance the interests of any faction." He said it was not clear whether past Japanese officials have gone along with the "deception" over the presence of nuclear weapons here or whether they themselves had been misled.

By any established standards, he said, "it has been established that the United States has brought in nuclear weapons."

His disclosures, along with those of former U.S. Ambassador Edwin O. Reischauer, have severely embarrassed the government of Premier Zenko Suzuki, who continued to claim Monday that Japan's non-nuclear principles have not been violated.

At a news conference, Mr. Suzuki said he intends to maintain the long-standing government policy that American nuclear weapons are neither stored on Japanese territory nor brought into Japanese waters on U.S. naval ships.

When it was pointed out that Japan was in the position of welcoming nuclear protection from the United States while insisting that nuclear weapons not be brought here, Mr. Suzuki agreed that Japan's "peace and stability" was bound up in the American nuclear deterrent. But he said that the deterrent could be maintained without bringing the weapons to Japan.

Mr. Ellsberg, who became well-known in the 1970s for disclosing the "Pentagon Papers," had attracted considerable publicity here earlier by stating he had learned in the early 1960s that nuclear weapons were stored on an LST (landing ship, tank) offshore from a Marine air station.

Under a 1959 agreement, the United States had promised to consult with the Japanese government before bringing in nuclear weapons. Japanese leaders have maintained that since there never was any prior consultation on nuclear matters between the two gov-

ernments it is assumed that none ever were brought in.

But Mr. Ellsberg said Monday that American forces had standing orders in the early 1960s to bring them in without consulting Japan in the case of a "high alert." He did not say whether any, in fact, had been flown into the bases on Japanese soil.

Protest Explosion in Tokyo

TOKYO (AP) — An explosion blew out windows and scorched a wall of a government office building in central Tokyo early Monday in an apparent attack by radicals opposing the return by the U.S. aircraft carrier Midway to its home port at Yokosuka, Japan, police said.

Police said several newspapers received phone calls from a man claiming to belong to the radical group Chukakuha (Middle-Core Faction) who said the attack was to protest the return of the Midway last Friday and the expansion of Tokyo's Narita International Airport. No injuries were reported.

Earthquakes Hit Sicily

The Associated Press

MAZZARA DEL VALLO, Sicily — Two light earthquakes shook the Belice Valley Monday as authorities reported that 60 percent of the buildings in this town on the eastern coast of Sicily

Reagan Sees Closer Ties With Mexico AMA Board Opposes 2 Anti-Abortion Bills

By Lee Lescaze
Washington Post Service

WASHINGTON — President Reagan and Mexican President Jose Lopez Portillo embraced Monday at the White House at the start of a two-day meeting that both men hope will improve relations between their two countries.

Mr. Reagan has made good relations with Mexico and Canada an important part of his foreign policy. In the opening move of Mr. Reagan's effort to build a stronger partnership with Mexico, Mr. Lopez Portillo was the first foreign leader he visited as president-elect.

"I welcome you today with the pledge that this administration will sincerely and diligently strive to maintain a relationship of mutual respect and cooperation between our two nations," Mr. Reagan said. "Decisions affecting both sides of our border will be made only after the closest consultations between our governments."

Mr. Lopez Portillo, referring to the years during which the United States treated Mexico as a junior partner, said that there should be neither arrogance nor submission in the relationship between the two countries and that "we want to be understood and we want to understand."

In an apparent reference to an area of disagreement between the Reagan administration and Mexico, Mr. Lopez Portillo said "we are immersed in a regional context that shades our relationship."

Mr. Reagan's administration supports the junta in El Salvador and is withholding aid to Nicaragua while Mexico disapproves of U.S. military aid to the Salvadoran junta and backs the Sandinista government in Nicaragua.

However, Mr. Reagan and Mr. Lopez Portillo appear to like each other and seem to be unwilling to let their differences over the fighting in Central America block them from making progress on other issues. And further, Mexico is now the United States' third largest trading partner.

Mr. Reagan took Mr. Lopez Portillo to the presidential retreat at Camp David, Md., after a short initial meeting at the White House. The Mexican president is the first foreign leader Mr. Reagan has entertained at Camp David.

2 Killed in Oregon Fall

The Associated Press

PARKDALE, Ore. — A reformatory school student and his adult adviser were killed when they fell into a crevice on Mount Hood during a group camping trip, the sheriff's office reported Sunday. Members of the group reported that the youth slipped on an icy cliff late Saturday and both fell when the adviser tried to reach him.

By Philip J. Hilts
Washington Post Service

CHICAGO — The board of the American Medical Association has decided to throw the weight of the AMA into the battle against legislation in the House and Senate that would define human life as beginning at conception.

Late last week, the board of trustees voted to send two spokesmen to oppose the two nearly identical bills — called the "Human Life" legislation — at hearings in Congress in the middle of June. The measures would effectively outlaw abortion by making it murder. Opponents also claim that passage would outlaw several forms of contraception.

"We will speak in opposition to the bill [introduced in the Senate]," said James Sammons, executive director of the AMA. A spokesman for Dr. Sammons elaborated: "The legislation is founded on the idea that a scientific consensus exists that life begins at the time of conception. We will go up there to say that no such consensus exists."

In addition, the spokesman said, the idea that life begins at conception creates great legal problems in any pregnancy, since it would mean that two legal persons exist in the same body, and almost any medical treatment for the woman would entail a risk for the fetus. Under the bills, he said, a fetus would have legal rights, raising the possibility that treatment of the mother could be withheld.

Largest Lobby

The AMA, the United States' largest organization of doctors, with a membership of 240,000 physicians, will be one of the most influential groups to oppose the bills and the group that has the largest lobbying organization in Washington of those in opposition.

Others who have declared their opposition include the National Academy of Sciences, the American Public Health Association, six former attorneys general, and a Boston group that includes several hundred scientists and six Nobel laureates.

Hearings on the Senate version of the bill were begun in the spring in a Senate Judiciary subcommittee. The AMA was not invited to testify at those hearings, an AMA spokesman said. But the association has been invited to speak at the new rounds of hearings to be held by Republican Sen. John P. East of North Carolina.

The AMA board of trustees took its action in a meeting last week preliminary to the association's convention, which that began Sunday in Chicago.

In other action, delegates representing 21,000 medical students voted at the beginning of the meeting to protest the nomination of Dr. C. Everett Koop as U.S. surgeon general.

"This is obviously a political patronage appointment," said

Ronald M. Davis, a University of Chicago medical student who introduced the resolution. "We recognize this is part of the political game, to make appointments on the basis of loyalty, or on the basis of a position on some issue. But the job of surgeon general shouldn't be one of those kinds of appointments."

The resolution, which referred to Dr. Koop only as the "present surgeon general nominee," said the position "must remain outside of political patronage if the scientific reports and official pronouncements issued over his imprimatur... are to maintain credibility."

The resolution also said Dr. Koop has little or no training or experience in public health.

The students also voted in favor of the Equal Rights Amendment, voted to oppose all federal subsidies to the tobacco industry, and voted for stricter handgun control. The House of Delegates of the AMA will vote on these and about 175 other issues Tuesday and Wednesday.

Abortion Support

WASHINGTON (AP) — Three out of four Americans favor permitting women to have abortions in most circumstances, according to an ABC News-Washington Post poll.

The newspaper reported that 40 percent of 1,533 persons interviewed by telephone favor abortion on demand; 34 percent favor it in most circumstances, 16 percent disapprove of it in some circumstances and 10 percent disapprove in all circumstances.

The poll showed that 54 percent of the respondents oppose spending federal money for abortions. Congress enacted restrictions last week barring use of Medicaid funds for abortions unless a woman's life is in danger. The restrictions expire Sept. 30.

Sixty-seven percent of those surveyed said they oppose any law making abortions murder, 24 percent favor such a law.

Asked when a fetus becomes a human being, 40 percent of the respondents said at the moment of conception, 30 percent said during the first three months of pregnancy, 12 percent said during the last six months of pregnancy and 11 percent said at birth.

Two-thirds of those interviewed said they would advise a hypothetical unmarried and pregnant 15-year-old daughter not to get an abortion.

East German to London

Berlin — The head of the East German parliament's foreign affairs committee, Hermann Axen, will meet with British Foreign Secretary Lord Carrington next week during the first visit to London by a member of the East German Politburo.

Meese Assails News Leaks, but Doubts Reagan Would Counter With Wiretaps

By Lee Lescaze
Washington Post Service

WASHINGTON — Presidential counselor Edwin Meese 3d has said that he doubts the Reagan administration would ever authorize wiretaps to trace leaks of classified information, but he condemned reporters who use leaked information as being like receivers of stolen property.

Mr. Meese said it is as wrong for journalists to make use of leaked secrets as it is for government employees to leak classified documents. Such a journalist is like a "fence," Mr. Meese said. "He's equally guilty."

Responding to a question in a TV interview, Mr. Meese said someone who leaks information "is betraying his country." He said the Reagan administration has not authorized any wiretaps to track down leaks, however, and added, "I seriously doubt that we would."

Mr. Meese and the White House chief of staff, James A. Baker 3d, appeared on television talk shows Sunday as the White House opened its latest campaign to win congressional approval of the president's tax-cut package. Both were asked about a number of nontax issues, including the withdrawal of Ernest W. Lefever, President Reagan's choice to be the administration's chief adviser on human rights.

The two differed in emphasis when answering questions about

Baker Predicts A 2d Term for Reagan in '84

The Associated Press

WASHINGTON — President Reagan, at 70 the oldest chief executive in the nation's history, will seek and win a second term in 1984, the White House chief of staff predicted.

"I think the president is committed to seeking re-election in 1984," said James A. Baker 3d Sunday during a television interview.

"I think the president fully intends to seek re-election and will seek re-election and will be re-elected," he emphasized.

whether Mr. Reagan would abolish the human rights job in the State Department. Mr. Lefever withdrew after the Senate Foreign Relations Committee voted against his nomination 13 to 4.

'Subjective Post'

Mr. Baker called attention to a suggestion by Senate Majority Leader Howard H. Baker Jr. of Tennessee that perhaps the human rights post should be abolished because it is "a subjective post." Mr. Baker, in his TV interview, said

that that consideration, combined with Mr. Reagan's disappointment over Mr. Lefever, would lead the president to move very slowly in finding another nominee.

Mr. Meese said only that no decision had been made to abolish the post. He said that neither Mr. Reagan nor his top advisers had second thoughts about their decision, after being told by Foreign Relations Committee Chairman Charles H. Percy of Illinois that Mr. Lefever's nomination should be withdrawn, to throw the president's full support behind his nominee.

Mr. Baker praised Sen. Percy even though the committee chairman played a major role in blocking Mr. Lefever. Despite that disagreement, Mr. Baker said, the White House is pleased with most of Sen. Percy's actions. He added that Sen. Percy "has done a good job in running the Foreign Relations Committee."

Mr. Baker did not mention that the White House was angry enough about Sen. Percy's opposition to Mr. Lefever to put a hold on the senator's candidate to be U.S. attorney for northern Illinois.

Mr. Meese rejected questions suggesting that the administration has no policy toward the Soviet Union, saying the administration will "seek to control and halt Soviet expansionism throughout the world" while standing ready to talk about "meaningful" arms control. The U.S.-Soviet trade relationship will not be expanded as long as Moscow pursues an aggressive course in Afghanistan and elsewhere, he said.

Nigeria Chief in Belgrade

Reuters

BELGRADE — President Shehu Shagari of Nigeria arrived in Yugoslavia on Monday for a three-day state visit. He was expected to hold talks with President Srdzka Kraigher on bilateral economic relations and the nonaligned movement, to which both countries belong.

Alleged U.S. Production of Parts For Neutron Bombs Alarms Pravda

The Associated Press

MOSCOW — Pravda expressed "deep alarm" Monday over reported U.S. production of neutron bomb components, denouncing neutron weapons as "the poisonous fruit of the man-hating aspirations of the Pentagon."

The Communist Party daily's commentary followed reports from Washington that the Energy Department, complying with a se-

tion of a bill passed by Congress, has begun manufacturing components and allocating resources for a neutron weapon. The reports said the Reagan administration has yet to decide whether to complete assembly of the weapons.

Nothing comments earlier this year by U.S. Secretary of State Alexander M. Haig Jr., who said the deployment of neutron weapons would come only after consultations with North American Treaty Alliance members, Pravda said the latest reports show that "the calming assurances from Washington were and are a kind of anesthetic designed to weaken the vigilance of nations."

"The reports of the start of production across the ocean of neutron bombs adds to the extremely gloomy picture of the aggressive plans of the U.S. militaristic circles," Pravda commentator Gennady Vasiliev said. "These evil plans cannot but evoke deep alarm among those who cherish peace."

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Church Sways Public Against MX Missile

By William E. Schmidt
New York Times Service
SALT LAKE CITY — When the Carter administration proposed basing the MX missile system in the Great Basin of Utah and Nevada, most people here seemed prepared to agree with the plan or at least to give the federal government the benefit of the doubt.

"After all, these are pretty conservative states," said Ken Olson, director of the MX task force for Gov. Scott M. Matheson of Utah. "People out here really mean it when they say, 'God bless America.'"

But the Mormon Church's decision last month to publicly oppose deployment of the missiles in the region has accelerated a dramatic shift in public opinion against the original plan for the system, under which the Air Force would shuttle 200 nuclear-tipped missiles among 4,600 shelters spread through the valleys of eastern Nevada and southern Utah.

3 Africa Nations In Security Pact

KAMPALA, Uganda — The presidents of three African countries have pledged never to allow their territory to be used for subversive activities against each other, Radio Uganda said Monday.

The pledge by presidents Milton Obote of Uganda, Gaspar Nimeiri of Sudan and Mobutu Sese Seko of Zaire follows two months of guerrilla activity by anti-government insurgents in the West Nile region of northwestern Uganda, which borders on Sudan and Zaire.

The Reagan administration has deferred final go-ahead on MX until it completes a review of the deployment plans. But the church's decision to take a stand, and growing public opposition to the missile plan, clearly complicate the choices facing the White House.

Opposition to the missile has produced curious coalitions of leftist anti-war activists and conservative cattlemen and ranchers. Some fear that the deployment would turn the area into a target for Soviet retaliation, should nuclear war break out. Others say it would wreak havoc with the state's natural resources and limited labor supply.

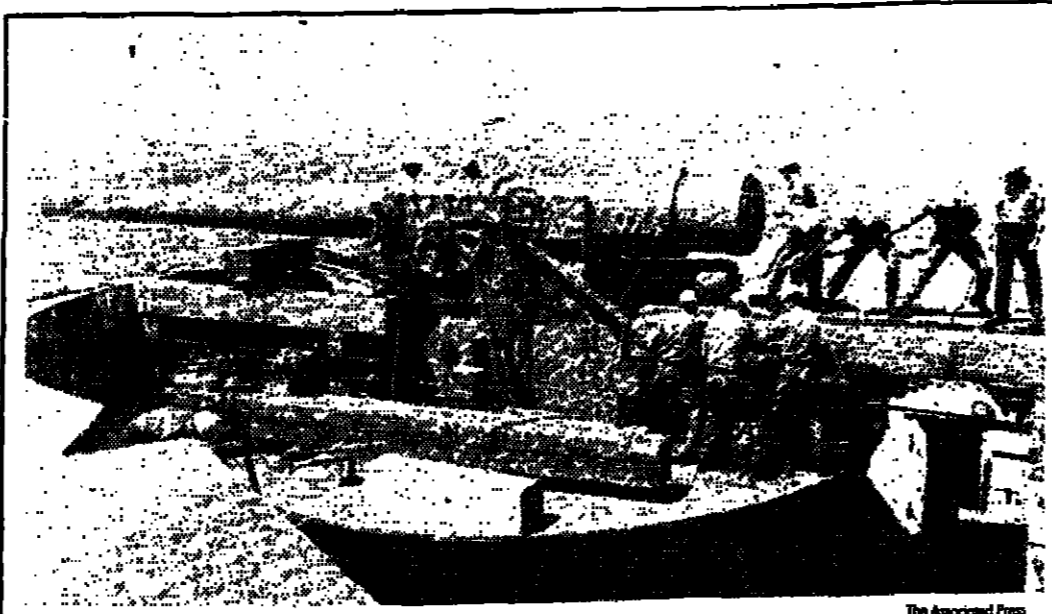
In relative terms, public opinion in the two states, which are among the least populous in the nation, may not count for much on a national scale. According to preliminary 1980 census figures, Utah has 1.5 million people and Nevada 800,000.

Although public opinion is only one ingredient in the president's decision, it is significant, however, in its effect on Sen. Paul Laxalt of Nevada and Sen. Jake Garn of Utah, both conservative Republicans who are hawkish on national defense issues and have direct access to the White House. Indeed, Sen. Laxalt is numbered among the president's closest friends and advisers in the capital.

Some political figures in the two states, including Mr. Matheson and Gov. Robert List of Nevada, both Democrats, are opposing the \$40-billion MX plan. But so far neither Sen. Laxalt nor Sen. Garn has come out directly against the deployment plan, although both have said they favor some alternative basing system.

Still, both senators have made it clear that if the president concludes that there is no alternative but to scatter the missiles in their states, they will abide by their constituents will as well.

The Mormon statement, issued May 5 and wired to Mr. Reagan and the members of the Utah and Nevada congressional delegations, noted that church pioneers had chosen Utah as a "base from which to carry the gospel of peace to the peoples of the earth" and said that basing the MX system in the region would be a "denial of the very essence of that gospel."



MUSEUM PIECE — British Army engineers are in the process of dismantling the one-gun Spur Battery that has been overlooking the Strait of Gibraltar for nearly 50 years. The 144-ton gun, perched 1,000 feet up on the Rock of Gibraltar, was never fired in a crisis. It is scheduled to be exhibited outdoors at the Imperial War Museum at Duxford, England.

Deaths of 3 Youths Held by Civil Guard Becoming Test of Madrid's Credibility

By James M. Markham
New York Times Service
MADRID — An investigation into the deaths of three young men at the hands of the Civil Guard is turning into a major test of the independence of the Spanish judiciary and the credibility of the government of Premier Leopoldo Calvo Sotelo.

The Almeria case, as it has become known, has also raised questions about the ability of the government to control its security forces in the edgy political atmosphere that has taken hold since February's unsuccessful military coup.

On May 7, Luis Cobos, Luis Montero and Juan Manas arrived in Almeria in southern Spain from Santander, the northern city where they lived, to take a vacation and attend a relative's first communion.

On the night of May 9 they were arrested by Civil Guardsmen, who took them for Basque separatists. The next morning they were dead. Their charred, bullet-ridden bodies were found in a burned rented car on a lonely road.

The arms and legs of two of the men were missing and an autopsy found that many of their bones were broken. The Civil Guard agreed to return Mr. Manas' body to his family on the condition that his coffin not be opened.

On May 21, Interior Minister Juan Jose Roson gave a subcommittee of the Cortes (parliament) the government version of what had happened. Recalling that on May 7 Basque ETA separatists had killed three soldiers in Madrid in an attack on an aide to King Juan Carlos, the

interior minister blamed the overheated political atmosphere for a "tragic error." After a number of citizens had spotted the youths in Almeria, taking them for terrorists, he said, the Civil Guard detained them.

They gave evasive answers. Two pistols were found in their car. Handcuffed, they were being driven to Madrid for questioning when they overpowered the two Civil Guardsmen accompanying them, hurling them from the rented Ford.

Lt. Col. Carlos Castillo Quero, in another vehicle, ordered his men to fire at the wheels of the Ford. It spilled into a ditch and caught fire, killing the three men.

Opposition legislators greeted Mr. Roson's version with angry incredulity. How could three handcuffed youths overpower two armed Civil Guardsmen? Why were the bodies riddled with bullets that had come from various directions? Why had the two pistols not been produced? Why did a plainclothes Civil Guardsman tell a group of people who came upon the burning car that the victims had been removed?

"Why were these three young men killed if the death penalty does not exist in Spain?" asked Carlos Sanjuan, a Socialist member of the Cortes. "If we don't have a convincing answer I have to think we are before a triple crime."

U.S. Admiral in Belgrade
The Associated Press
BELGRADE — Adm. Thomas Hayward, the chief of U.S. naval operations, conferred Monday with Yugoslav Defense Secretary Niola Lubjic, the Tanjug news agency reported.

and that the government is covering up this crime."

Inquiries by lawyers, an investigating magistrate and the press have uncovered more disquieting facts. Col. Castillo Quero, the Almeria Civil Guard commander, has been hospitalized in the past for "nervous disequilibrium."

According to informants close to the case, shards of bone were found in the burned car. But there were no signs of smoke inhalation in the dead men's lungs, suggesting that they had been killed before the car caught fire.

Holes in Story
The official version has other defects in it. Mr. Roson said the agency that rented the car to the three men had reported them as suspicious to the Civil Guard; the car rental company has denied this. The three men had identity papers and no criminal record, but the Civil Guard maintained that their documentation was faulty.

The prosecutor in Almeria has asked that Col. Castillo Quero and two other Civil Guardsmen be prosecuted for homicide, but the investigating magistrate, Angel Torres, has not yet completed what looks like an exhaustive inquiry. A lawyer for the families of the three dead men has praised the judge's meticulous work.

The government's credibility has already suffered a hard blow in the case of Jose Ignacio Arregui, an ETA militant, who died Feb. 13 in Madrid after being held incommunicado in police custody for 10 days under an anti-terrorist statute. His body showed signs of torture, including burns on the soles of his feet. Mr. Roson still maintains that Mr. Arregui died of a lung condition.

Civil Servants Step Up Actions In U.K. as General Strike Looms

By Maureen Johnson
The Associated Press
LONDON — A series of sporadic, rotating strikes by Britain's 530,000 civil servants entered its 14th week Monday with an intensification of disruptive actions and the clear prospect of a two-week total stoppage that would paralyze every government facility.

"We now face the acid test of civil service trade unionism," Ken Thomas, secretary of the 234,000-member Civil and Public Services Association, said following the collapse Friday of the latest round of settlement talks.

Leaders of the nine civil service unions will start polling members this week on support for an all-out stoppage. Ballotting will take 10 days.

A majority vote for a general strike appears almost certain, but it is expected to come at the expense of unity among the unions. The 9,000-member Association of First Division Civil Servants, the top earners, and the 100,000-member Institution of Professional Civil Servants, also largely senior officials, say they will not join a total walkout.

Braving Battle

The battle — the most bruising yet between a British administration and its bureaucrats — has already hit widely.

Air travelers have been forced to check not only their flight time, but also whether the airport is open. Airlines say they are losing millions of pounds.

There is a backlog of more than 10,000 passport applications. Last month, Royal Navy technicians were used to rearm a nuclear submarine after civilian employees refused to do the job.

And ministers say disruption at tax-processing computer centers has held up a quarter of state revenue and heavily distorted estimates of the money supply — the control of which is key to Prime Minister Margaret Thatcher's rigorous monetary policies.

Treasury Minister Leon Brittain told the House of Commons that £3.5 billion (\$6.7 billion) is unaccounted for, but will be recovered. For the Conservative government, the dispute is a test of determination to apply its anti-inflationary, tight-money policies to its own employees.

Lord Soames, the civil service minister, has stuck to the government's offer of a 7-percent raise.

Civil servants want a 15-percent increase — although most observers believe they would now settle for less — and restoration of a system linking their pay to private sector salaries.

The bureaucrats range from bowler-hatted permanent heads of

Whitehall ministries earning £33,000 a year — £5,175 more than Mrs. Thatcher's basic pay — to junior clerks and janitors making around £4,500. As far as is known, no ministry head has been on strike.

Recent moves on both sides appear to indicate a hardening of position.

Civil servants in many government computer centers and welfare benefit offices staged walkouts, marches and rallies in London and other cities Monday. It appeared there would be huge delays in payment of unemployment and welfare benefits.

Mrs. Thatcher's aides were reported Sunday as having indicated she might eliminate the names of

senior civil servants who strike from the Queen's Birthday Honors list, to be published Saturday. About 150 civil servants traditionally are mentioned in the twice-yearly list, with awards ranging from knighthoods to the more routine Order of the British Empire.

According to a series of reported leaks, strikers' promotion prospects could be threatened and difficulties created over vacation times.

Some observers now predict the strikes could continue for months. But union leaders say some strike funds are running low, and there is little public sympathy for bureaucrats with secure jobs when unemployment is at 10.6 percent, a post-Depression record.

Jenkins Is First Candidate For U.K. Social Democrats

By Leonard Downie Jr.
Washington Post Service

LONDON — Britain's new Social Democratic Party will test its popularity with voters for the first time this summer when one of its founders, former Labor Party deputy leader and Cabinet minister Roy Jenkins, seeks election to a recently vacated seat in Parliament.

Mr. Jenkins, one of the new party's four co-leaders, offered himself Monday as the Social Democratic candidate in a by-election in Warrington, an industrial city midway between Liverpool and Manchester in northwest England. Mr. Jenkins also will be supported by the Liberal Party in the first agreement of electoral cooperation between the two parties.

The Warrington by-election, expected to be held next month, will constitute an important challenge to the aspirations of the Social Democrats and Liberals to provide Britain with a realistic alternative to the rightist policies of Prime Minister Margaret Thatcher and the leftward drift of the opposition Labor Party.

With an aging working-class population, Warrington has been a safe seat for the Labor Party. The Labor deputy who resigned the Warrington seat last month to become a judge won 62 percent of the vote in the last election.

'Stand or Fall'

David Owen, a former Labor foreign minister who is now the leader of the Social Democratic group in the House of Commons, recently told a group of American correspondents here that the new party's chief problem was winning bedrock Labor seats, particularly in northern Britain.

Opinion polls and the new party's growing membership rolls show that the Social Democrats

are catching on most quickly in southern England and among middle-class Britons, currently the stronghold of Mrs. Thatcher's Conservatives.

Political commentators here said it was important for the Social Democrats that Mr. Jenkins finish at least a strong second in Warrington, beating out the Conservative candidate and winning a respectable share of the Labor vote.

Mr. Jenkins, 60, had been a Labor member of Parliament for 28 years and served as home secretary and chancellor of the exchequer in Labor governments. He played an important role in liberalizing British criminal laws and rallying political support for Britain's entry into the European Economic Community.

He was touted as a future leader of the Labor Party until he resigned as deputy leader in 1972 in a disagreement over the party's attitude toward the EEC. From 1976 through 1980, he served as president of the EEC's administrative European Commission in Brussels.

Toward the end of his tenure in Brussels last year, Mr. Jenkins made a series of speeches coyly urging the founding of a new centrist political party in Britain. With Mr. Owen and two other former Labor Cabinet ministers, Shirley Williams and William Rodgers, Mr. Jenkins later left Labor and founded the Social Democrats.

Mrs. Williams, the most popular member of the Social Democratic leadership according to opinion polls, was first urged to run for the Warrington seat. But she refused, saying she wanted to devote her energies to the national organization of the new party.

The Social Democrats have said they favor maintaining Britain's mixed economy and social programs.

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SWAPO Leader Assails Reagan, But Seems to Offer Concessions

By Jay Ross
Washington Post Service
SALISBURY — The leader of the Namibian guerrillas, Sam Nujoma, is a man accustomed to moving on a two-track course in his single-minded effort to gain independence from South Africa. Usually, he speaks the rhetoric of war, sometimes he offers to negotiate.

Last weekend, however, Mr. Nujoma changed the routine somewhat. He escalated his attack on President Reagan, calling the president a "racist," but he also offered concessions that could help the United States persuade South Africa to move toward a settlement in Namibia (South-West Africa) — the site of Africa's most protracted independence struggle.

"I think Reagan is a racist," Mr. Nujoma said in an interview. It was a remark that "certainly won't be helpful" in the U.S. efforts to restart Namibian negotiations, a Western diplomat said.

SWAPO Chief

Mr. Nujoma, leader of the South-West Africa People's Organization (SWAPO), complained that Mr. Reagan's policy is based on the theory that the South African-controlled territory has "strategic minerals that are vital for the economy of the West... Therefore, South Africa must be supported at all costs. So our people are suffering because of American economic interests."

That was Friday. On Sunday, Mr. Nujoma told a rally attended by 30,000 people, which capped a week of Zimbabwe-Namibia solidarity demonstrations, that "we are prepared to give guarantees and safeguards to all white settlers in Namibia."

This could be interpreted to mean that Mr. Nujoma was moving in the direction of providing constitutional guarantees to the white minority, which numbers 100,000, just as the Reagan administration has been proposing to help the bogged down Namibian negotiations.

Washington would do this by having a constitution drawn up in advance of a cease-fire in the 14-year-old guerrilla war. The stalled, Western-devised UN settlement plan calls for a cease-fire to be followed by election of an assembly to write a constitution leading to independence. South Africa has balked at the plan.

The Reagan administration also wants a Namibia settlement linked to the withdrawal of the 18,000

Cuban troops in neighboring Angola, where most of SWAPO's forces are based.

It should be noted, however, that Mr. Nujoma also said, "We will not accept any other country, no matter how powerful, to draw up our constitution. That is the prerogative of the Namibian people and nobody else."

Mr. Nujoma's labeling of Mr. Reagan as a "racist" is an escalation in the polemics that he has been carrying out since the United States last month led the West in vetoing a UN effort to impose economic sanctions on South Africa because of its refusal to grant Namibia independence.

On balance, however, Mr. Nujoma, whom the South Africans regard as a Marxist terrorist, seems to be mellowing somewhat. White settlers, Mr. Nujoma said, were "welcome to live side by side with us in an independent Namibia like elsewhere in Africa."

Worked on Railway

Mr. Nujoma worked on the railway and was a clerk before getting involved in politics and helping to found SWAPO in 1959. After a brief prison term he went into exile in 1960 and took Mr. Namibia's case to the United Nations.

Like Mr. Mugabe during Zimbabwe's war years, Mr. Nujoma has had to get weapons in the Communist world, mainly from the Soviet Union. This seems to be the basis of much of his Marxism.

"We never studied Marxism-Leninism," he said in the interview. "We met the Communists outside our country. They are friendly to us, therefore we are friendly to them."

"Certainly we are not going to be capitalists... It is capitalists who are giving arms to South Africa to kill our people."

At the rally, Mr. Nujoma ridiculed Mr. Reagan's recent remark that South Africa had stood by the United States in all wars. He re-



Sam Nujoma

ferred to the pro-Nazi past of some South African leaders.

Mr. Nujoma has spent the last 21 years in exile. SWAPO began guerrilla warfare against South African forces 14 years ago after Pretoria spurned UN demands for Namibian independence.

From most reports, SWAPO's struggle has not been going well lately. Mr. Nujoma is reluctant to discuss military matters or the number of guerrillas in Namibia. Most analysts think it is in the hundreds rather than the thousands with about 6,000 to 8,000 based in neighboring Angola where South African troops attack them almost daily.

South Africa has at least 20,000 troops in Namibia and does not appear to be hurting appreciably because of the war.

Tanzania Fuel Rationing

Reuters
DAR ES SALAAM, Tanzania — Residents here began purchasing fuel with ration cards Monday. In addition to high-priced gasoline, a ban on Sunday driving and fuel sales only three days a week, drivers with small cars receive a ration of 20 liters (5.3 gallons) per week and those with larger cars get 30 liters (8 gallons).

Nkomo's Party Wins All Seats in Bulawayo Vote

The Associated Press
BULAWAYO, Zimbabwe — Joshua Nkomo's Patriotic Front Party easily defeated Prime Minister Robert Mugabe's Zimbabwe African National Union for all 15 seats in the municipal elections in Zimbabwe's second largest city.

About 145,000 people voted peacefully over the past weekend. Mr. Nkomo's party, which draws the bulk of its support from the Ndebele tribe, is a minority partner in Mr. Mugabe's government.

Mr. Mugabe is a Shona, and his tribe makes up about 80 percent of the black population, but the Ndebele outnumber Shonas in the Bulawayo area.

Mr. Nkomo's strong showing here may strengthen the hand of Ndebeles, who are resisting efforts to persuade Mr. Nkomo to merge his party with Mr. Mugabe's party. More than 300 persons were killed in clashes between Mr. Mugabe's Shona supporters and Mr. Nkomo's Ndebele backers in December and January.

The city elections here were postponed twice for fear of more violence. Heavy police patrols were conducted during voting.

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The Reagan administration also wants a Namibia settlement linked to the withdrawal of the 18,000

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The two nations have fought three wars since gaining independence from Britain in 1947.

The government-controlled Pakistan Times newspaper said in an editorial Monday that Islamabad hoped Mr. Rao's visit would provide fresh momentum to the process of peace between the two countries.

Mr. Rao is to meet Tuesday with Pakistan's military ruler, Gen. Mohammed Zia ul-Haq.

Indian Minister, in Pakistan, Urges Closer Relations

Reuters
ISLAMABAD, Pakistan — India's foreign minister, P.V. Narasimha Rao, offered Monday to bury past differences between India and Pakistan and proposed building a new relationship based on friendship and cooperation.

The Indian minister, making his first visit to Pakistan, is here at a time when relations between the two neighbors are at a high level of mistrust as a result of Pakistan's decision to modernize its armed forces with U.S. help.

Mr. Rao said upon his arrival at Islamabad airport that the Indian government was committed to respecting Pakistan's national unity, territorial integrity, political independence and sovereign equality.

The Pakistan government, worried by what it considers an increasingly hostile Indian government under Prime Minister Indira Gandhi, sees Mr. Rao's visit as an important opportunity to explain its case and avert misunderstanding.

Guarantee of Independence

The Indian government is apparently concerned that a U.S. arms deal with Pakistan would lead to a military buildup and possible heightening of superpower rivalry in the region.

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Indian Minister, in Pakistan, Urges Closer Relations

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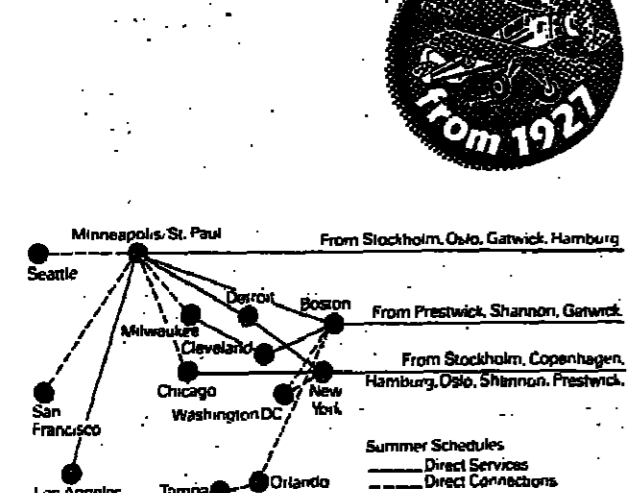
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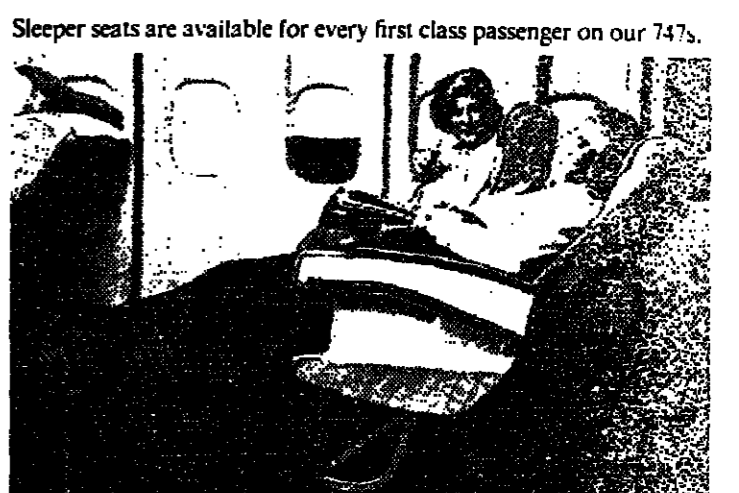
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Once More, the Neutron Bomb

The question of whether to deploy neutron warheads in Europe is too important to be influenced by emotional arguments about the morality of a weapon that is kinder to property than it is to people. The simple fact is that conventional nuclear warheads kill as efficiently by heat and blast as neutron weapons do by radiation. If neutron warheads don't destroy structures, so much the better for the people who survive. It is important that Western European leaders instruct their electorates accordingly so that the legitimate debate on neutron-weapon deployment will be rational and informed.

Like all other discussion about nuclear armaments, the neutron bomb debate is conducted in the context of the overwhelming need for arms limitation by the two superpowers, both of which have nuclear arsenals large enough to obliterate the globe. But until the United States and the Soviet Union find an approach to arms control that is sufficiently balanced to allow real reductions in stockpiles, the West's policy of deterrence remains the only sensible response to the steady and substantial increase in Soviet strategic and tactical power. That brings us back to neutron warheads, which are in the news again because the United States has decided to set aside the tritium needed to convert standard Lance battlefield warheads to neutron warheads.

Stated as simply as possible, the neutron warhead is the best weapon to use against massed tanks in Central Europe. That is important because the Warsaw Pact has almost four times as many tanks as NATO. NATO also lacks enough close ground support air-

craft to make up the difference. Neutron weapons deployed in Western Europe would close the gap. That is why the Soviet Union has campaigned so actively against their deployment.

Proponents of the neutron weapons argue that because they destroy less property they would be more likely to be used and are therefore a better deterrent. Opponents turn that argument on its head and say that because they are more likely to be used they increase the possibility of an escalation to strategic nuclear warfare. Who is right? Nobody can be sure. But there is no such thing as risk-free deterrence. No one can predict what the Soviet Union will do at each stage of military escalation. The point is to avoid conflict by persuading Moscow that any conventional or tactical nuclear assault in the European theater can be contained in that theater at an unacceptable cost to the Red Army and its Warsaw Pact allies. If the only potentially effective response NATO can make is a doomsday response by the United States, the Soviet leaders might well conclude that the West would surrender rather than opt for global holocaust.

Successful U.S. administrations have bungled the politics of the neutron bomb. As a result, it has become extremely difficult for leaders such as West German Chancellor Helmut Schmidt to prepare their populations for a weapon designed specifically for use on European soil. Nevertheless, the United States is right to keep its options open in case the mood in Europe shifts and the weapon becomes acceptable.

INTERNATIONAL HERALD TRIBUNE.

Pressure on Poland

Given the geopolitical facts of life, there may never be a time when any Polish government can enjoy the degree of security that other countries take for granted. Certainly the latest wave of anxiety over the possibility of a Soviet attack will not be the last. Yet there is something particularly disquieting about the developments that have prompted this new alarm. The more effectively the Poles struggle to create a new national life in their own image, it seems, the more costly — but also the more tempting — a Soviet intervention becomes.

A fateful turning point is coming up in a month's time. The Polish Communist Party is scheduled to open an extraordinary congress at which to consummate and formalize the new broadly democratic character of political life in the country. A party thus "renewed" could expect to settle Poland down and focus on the immense economic difficulties. A mature Soviet leadership would surely recognize this as the best ending from a Soviet as well as a Polish point of view.

To upset the Polish progress, or to keep the interventionist option alive, or simply to harass the Poles — who can tell just why? — the Soviets have seized on an ominous tactic. They have embraced a rump hard-line party faction in Katowice — a faction that has flourished precisely on account of the openness the Kremlin otherwise repudiates. The Katowice Forum could supply Moscow with the pretext for a campaign to stall or call off the party congress, or it could become the core of a group that, via Moscow's manipulation, might "invite" Soviet troops in. The emergency meeting of the Polish Communist

leadership announced Sunday is grim evidence of the pressure the Kremlin is applying now.

As before, the Polish people have only certain resources for their self-defense. Their basic weapons are national pride and unity, the strength of their reformist will and purpose, and the essentially nonprovocative character of their program. The reformers insist, for instance, that Poland will stick with Warsaw Pact membership and Communist Party rule. Just last Friday, Solidarity leader Lech Walesa, speaking at one of the principal forums (the International Labor Organization) to which Solidarity looks for sustenance, pledged to restrain new wage demands and strikes and to support any "rational" government economic program with "sacrifice and self-denial."

The question remains whether there are any further moves the West could make to influence what obviously is a continuing Kremlin debate on Poland's fate. American and European warnings of a broad political reprisal in the event of an invasion seem to have registered on the Politburo. Could not a timely display of allied and especially American readiness to restore more normal relations in Europe, if the Polish situation settles down, also make a difference? The firmness and lack of equivocation had and continues to have a very useful effect. But it is also necessary to ask if the Reagan posture of all-out, across-the-board, long-term pressure on Moscow gives the president the full range of tools he needs to serve all of his foreign policy goals.

THE WASHINGTON POST.

'Who, Me?'

It took the testimony of a sage, an oracle, a drunken partygoer, a messenger, a shepherd and his own wife before Oedipus could figure out who his father was. And until recently a woman seeking to have someone declared her child's father — or to clarify the point for herself — had to rely on similar evidence. Now, however, there's a new blood test — known as HLA, for human leukocyte antigen — which allows a laboratory to match parent and progeny in almost all cases, thus crumbling, after millennia, the "Who, me?" defense and, with it, an old literary device.

Had so certain a test been around sooner, we might not have had much of Shakespeare, all of "The Scarlet Letter," some of Gilbert and Sullivan and a bit of Dickens — to mention only a few exploiters of mislaid babies and mistaken identities. And Sophocles might have decided that a play about a man who, purely by accident, killed his father and

married his mother was too far-fetched even to contemplate.

If he had, Freud would have been robbed of a catchy name for a complex. The world would have been spared a spectacular referent for mother-son relationships. Young men would not wonder if having Oedipal longings (which sounds bad) is the same as liking Mom (which sounds okay). There would be no cats named Eddyppus. Nor would architects have to suffer being told, one more time, that they have edifice complexes.

Roughly 2,500 years after "Oedipus Rex" was first performed, then, science has come up with a surefire way to identify a child's father. In the meanwhile, crowns have landed on wrong heads, and millions of fathers have either disclaimed or been dubious about their offspring. But literature, at least, has been richer for the poverty of science.

THE NEW YORK TIMES.

International Opinion

Watch on Poland
Whatever tactical debate may be going on in the Kremlin about whether or when to invade Poland, the Soviet leaders surely remain united in their relentless determination to provoke any incident in Poland that will give them the pretext to intervene.

Maybe it tempts fate to say so, but it is beginning to look as if the Kremlin is run-

ning out of compliant Poles to do its dirty work for it.

The mutual interest bonding together Solidarity and Poland's Communist Party poses the most fundamental challenge in 30 years to the stability of the Soviet empire.

That is why Poland gives us so much to hope for and so much to fear.

— From the Daily Mail (London).

In the International Edition

Seventy-Five Years Ago

NEW YORK — A cartoon in today's Herald portrays William Jennings Bryan in globe-trotter costume, with a much labeled grip beside him, listening with his hand to his ear as representative and conservative Democrats shout through megaphones across the ocean. The caption is: "Do I hear the call of the sane?" This aptly hits off the political sensation of the hour. The Iowa and Ohio conventions are steadily endorsing the Nebraska for the presidential nomination, and the tide of pro-Bryan sentiment seems likely to sweep over the West and the South. The St. Louis Republic remarks that, contrasted with recent political tendencies, Mr. Bryan's principles actually seem conservative.

Fifty Years Ago

LOS ANGELES — P.G. Wodehouse, famed British humorist and author, has just finished a year in the employ of film firms in Hollywood. In an interview, he said: "They paid me \$2,000 a week, \$104,000 a year! I cannot see what they engaged me for. They were extremely nice, but I feel as if I cheated them. I was engaged to write stories, yet apparently they had the greatest difficulty in finding anything for me to do. Twice during the year they brought me some complete scenarios and other stories and asked me to do some dialogues. About 15 or 16 persons had tinkered with those stories and the dialogues were really quite adequate. All I did was to touch them up a little bit here and there."



Economic Pressure in West

By Stephen Klaidman

PARIS — A couple of weeks ago a man identified as a lecturer at a Silesian research institute criticized a Polish Communist Party program because it ascribed political problems to political causes. According to Marxist-Leninist dogma, as everyone knows, that can't be. All political problems result from economic causes.

Capitalist dogma takes no position on the causes of political problems. Anyone writing an economic text these days, though, cannot be forgiven for leaving a compelling if superficial attraction to the Marxist model — at least on this point. Doctrinaire capitalists like President Reagan and Britain's Prime Minister Margaret Thatcher would probably not argue much with the dogmatic Polish lecturer. Neither would paid-up Social Democrats like West German Chancellor Helmut Schmidt and French President Francois Mitterrand, because the toughest current political problems are at bottom economic. They have to do with unemployment, productivity, trade, interest rates and the relative values of currencies.

In the modern world economy, there is no way to separate out the interests of a single country in any of these categories. As a result, some cooperation is required. Western leaders meet with their Japanese colleagues in various forums to discuss these matters but rarely accomplish much more than a papery over of their differences.

Mr. Schmidt and French External Relations Minister Claude Cheysson have just returned from friendly meetings in Washington, for example, where they failed to persuade Mr. Reagan of the need to lower U.S. interest rates. In Ottawa in July, there will be another in the series of seven-nation economic summits that began in Rambouillet in 1975.

The current domestic economic need for high interest rates in the United States conflicts with a need for lower rates in the other large industrialized economies. Jimmy Carter failed to get Mr. Schmidt to reduce West German interest rates when the dollar was weak, and Mr. Schmidt is now getting the same treatment from Mr. Reagan.

Mr. Schmidt, Mrs. Thatcher, Mr. Mitterrand and Mr. Reagan are also under attack at home on economic grounds. And all of them, to some extent, were elected to solve economic problems. But for the most part they were not elected because of their economic ideology. They won because they offered something different from their predecessors.

The most telling line in Mr. Reagan's campaign, for example, was when he asked voters at the end of his debate with then-President Carter whether they were better off economically than they were four years earlier. The answer for most of them was "no," which won the Republican candidate a lot of votes.

Now President Reagan is pressing hard to get his economic pro-

gram through a Congress that has no doubts about his popularity or political clout, but remains deeply skeptical about many of his economic theories and assumptions.

Mrs. Thatcher succeeded Labor Prime Minister James Callaghan, who was widely perceived as run-

CROSSCURRENTS

ning the British economy into the ground despite the influx of North Sea oil. Much like Mr. Reagan, she was elected to provide a conservative fix for an economy bent double by liberal spending programs.

She has brought down the inflation rate, all right, but at the highest possible political price — breaking the economy to a full stop and driving the number of unemployed above 2.5 million. She has been saved from political disaster only by the size of her parliamentary majority and the self-destructive carrying on of the Labor Party.

Chancellor Schmidt is being attacked from the left of his own Social Democratic Party on grounds of opposition to the stationing of U.S. nuclear-tipped missiles in West Germany and his government's policies on atomic power development. More importantly, though, he is threatened with desertion by his coalition partners, the Free Democrats, largely because of a growing budgetary deficit. The real source of his trouble is that the vaunted West German economy has stopped growing.

Inflation and unemployment are still very low, except by Japanese standards, but they are now higher than West Germans have become accustomed to and that is the underlying reason Mr. Schmidt is in political trouble.

As for Mr. Mitterrand, whose foreign policy views are not all that different from his predecessor, Valéry Giscard d'Estaing, few would disagree that he was elected at least in part because there are 1.7 million unemployed persons in France and the inflation rate is about 12.5 percent.

The French Socialist immediately came under attack for the rapid decline of the franc since his election. No one seems worried that Mr. Mitterrand will make any swift, dramatic changes in the conduct of French foreign policy, but there is concern here and in international financial markets that he may do real damage to an essentially sound French economy.

In Israel and Egypt, Prime Minister Menachem Begin and President Anwar Sadat have had to invent elaborate foreign policies to distract voters from disastrous economic problems. And in Spain, where the government is desperate to get into the Common Market for political reasons, opposition to entry is building in the Spanish business community and among the members of the EEC — for economic reasons.

In every case, political vulnerability resulting from economic pressures limits the flexibility of Western leaders, especially in the security area.

Mr. Schmidt, who for years has managed an economy that was the success story of the West, is now pleading that the world economy has changed and West Germany, too, must adapt. But he cannot escape the political price.

The West German chancellor is under severe pressure from his left flank to make cuts in defense spending and from the right to cut social costs, because Bonn can no longer afford both at current levels. If his budgetary compromise turns out to be wrong, his government may collapse.

Mr. Reagan, Mr. Mitterrand and Mrs. Thatcher are facing similar problems. And they have a common interest in solving them. But real cooperation seems as far away as ever. No one is predicting any miracles at the seven-nation economic summit in Ottawa next month.

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When Europe Thinks of War

By Flora Lewis

consciousness. These people know what modern war means, even for the ostensible winners.

If we think of how long it took for Americans to get over the Civil War, and perhaps we still haven't really, it shouldn't be surprising to realize that the sense of tragedy can be handed down almost undimmed for generations. The very land is full of reminders.

No people are more acutely aware of the pains war brings than those who live in the European parts of the Soviet Union. And their government, with all the power of its propaganda monopoly in TV, film, radio, press, etc., keeps making sure that everyone remembers.

It serves the leaders' grip on power to keep alive the sense of danger and need for national unity and support. Memories of what war and revolution mean help the bosses argue that none may dare challenge them and the system they have imposed. But the knowledge is pervasive and personal. Every family has its own disaster stories.

Western Europe, too, has an enduring intimacy with the facts of war. Not long ago, France's Foreign Minister, Jean Francois Poncelet was looking over a valley full of solid, new, brick vacation houses near his country home.

"It's because we've managed nearly two generations without war here," he said, "the country has never been so prosperous and that's what made it possible."

Reconstruction and physical recovery have been completed on the Continent, but even the new generations are still suffering from the profound wreckage that two world wars visited on their populations. There is such a thing as social memory, and it lasts much longer than a lifetime.

Even if nuclear weapons are not used — and few experts imagine that a war between the United States and the Soviet Union would stop short of a nuclear exchange — the devastation of conventional war has permeated the European

Dangerous Tests Of Press Freedom

By Anthony Lewis

NEW YORK — Fifty years ago this month the Supreme Court decided the great case, *Near v. Minnesota*, that breathed life into the First Amendment's guarantee of press freedom in the United States. Ten years ago, daring to test that freedom on the sensitive issue of the Vietnam War, The New York Times began printing the Pentagon Papers — and won in the Supreme Court when the government tried to stop publication.

The anniversaries of those legal landmarks are worth celebration, and reflection. For time has brought clarifying light to bear on both episodes. We can see now, I think, that they were not so much victories for the press as for a political experiment, the one begun in 1776.

At the heart of the U.S. system is the idea that the people are sovereign; not in some theoretical sense, but actually having the power and the duty to control their government. Other countries have freedom, but none subjects its government to such intimate and continuing public accountability. The American public, to play its constitutional role, must be informed. And that is what the legal tests of June, 1931, and June, 1971, were about.

Prior Restraints

The *Near* case is known for establishing the U.S. legal presumption against "prior restraints." Under the First Amendment, the Supreme Court held, courts cannot ordinarily stop publication of something because it may be false or damaging — not even the nasty *Minnesota Weekly* involved in the case, the *Saturday Press*, which specialized in abuse of politicians and anti-Semitic diatribes.

But there was more to the case, and more to the *Saturday Press*, than that. So we find in a fascinating new book on the case, "Minnesota Rag," by Fred W. Friendly.

For all its abusiveness, the *Saturday Press* did actually dare to print stories about gangsters and their links to politicians that more respectable papers did not. And a lot of the stories were true. Only the *Saturday Press*, for example, wrote about a gangster attack on Sam Shapiro's dry-cleaning store because Sam would not pay for "protection." The story forced a prosecution, and Sam's 11-year-old son Irving was a principal witness. He went on to become chairman of the Du Pont Co.

The Supreme Court, when it considered the case, well understood the significance of the press's role in informing the public about what Chief Justice Hughes' opinion called "official malfeasance and corruption." At the argument Justice Brandeis said the editors of the *Saturday Press* had acted with "great courage" in challenging "criminal combinations." He asked:

"How else can a community se-

cure protection from that sort of thing if people are not allowed to engage in free discussion?"

When 40 years later The New York Times started to publish the Pentagon Papers, it was asking essentially the same question. Only this time free discussion was needed to expose not local crime or corruption but years of deception by national leaders that had got the United States mired in a terrible war.

Just as the State of Minnesota had claimed that it needed to protect its citizens from the "scandalous" writings of Jay M. Near and his weekly, so the United States government said it had to protect the country from the disclosures of the Pentagon Papers. Officials witnesses predicted the most appalling damage to the national security if the history collected in the Papers were allowed out.

William B. Macomber, deputy under secretary of state, testified — in a court hearing held in secret because of the alleged sensitivity of the evidence — that diplomatic disclosures in the Papers might "undermine our relations" with allies. If the U.S. could not have confidential communications with other governments, he said, "we have irreparably damaged the chance of free government to endure."

Floyd Abrams, a lawyer who helped represent The Times in 1971, took a retrospective look at the Pentagon Papers case in a piece for the June 7 New York Times Magazine. Among others he interviewed Mr. Macomber, now president of the Metropolitan Museum. Mr. Macomber said he thought it was right for the government to bring the case but thought it was "probably decided properly" — against suppression. He said:

"Even though I've been a diplomat all my life and nothing is more important to me than the security of the United States, the First Amendment is in another way, the security of the United States. You can't save something and take the heart out of it."

Heart of Amendment
The official attitudes evident in 1931 and 1971 are just the same today and always will be. Those who are in office think they know best. Nowadays hardly any judge would try to restrain disclosures of local scandal. But federal officials are inventing new ways, under the guise of "national security," to keep the public from knowing about life-and-death issues of policy.

At the heart of the First Amendment — really of the entire Constitution — is an open relationship between governors and the governed. It is still an experiment: a dangerous one. But it is our system.

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1981

Republic's Growth Has Not Been Painless

By Jacqueline Reditt

SEOUL — The fifth Republic of Korea was inaugurated in March of this year, and political and economic observers are watching its progress and monitoring its problems like overanxious parents — mindful that it was conceived in violence and born out of more than a year of turbulence and trouble.

The 18-year authoritarian rule of President Park Chung Hee ended abruptly in October, 1979, when he was shot by his intelligence chief. Although this was not the first attempt on his life — his wife had been killed by a bullet meant for him five years before — the nation was ill-prepared for the sudden power vacuum. Premier Choi Kyu Hah was put into the presidential seat but was never seen as anything more than a caretaker.

After the first shock, an unusual and exciting freedom began to be felt. Opponents of the Park regime, silenced for so long, ventured open criticism. Some of Mr. Park's staunch supporters began now to admit cautiously that their great leader had hung on to power too long, losing touch with the people

and their needs. Even the economic miracle, which had transformed the republic from a poor agricultural community to a fast-growing industrial nation, had faded toward the end of his rule, although rising world oil prices were causing the economic recession rather than any fault of the president.

Coup by Generals

But liberal opposition hopes were dashed less than two months after the assassination. A group of generals led by the little-known Maj. Gen. Chun Doo Hwan, loyal to the ideals of the Park regime, moved troops into Seoul on the night of Dec. 12. After a few accidental gunfights, they arrested their own army chief of staff and martial law commander with four other generals who were, they alleged, involved in Mr. Park's assassination.

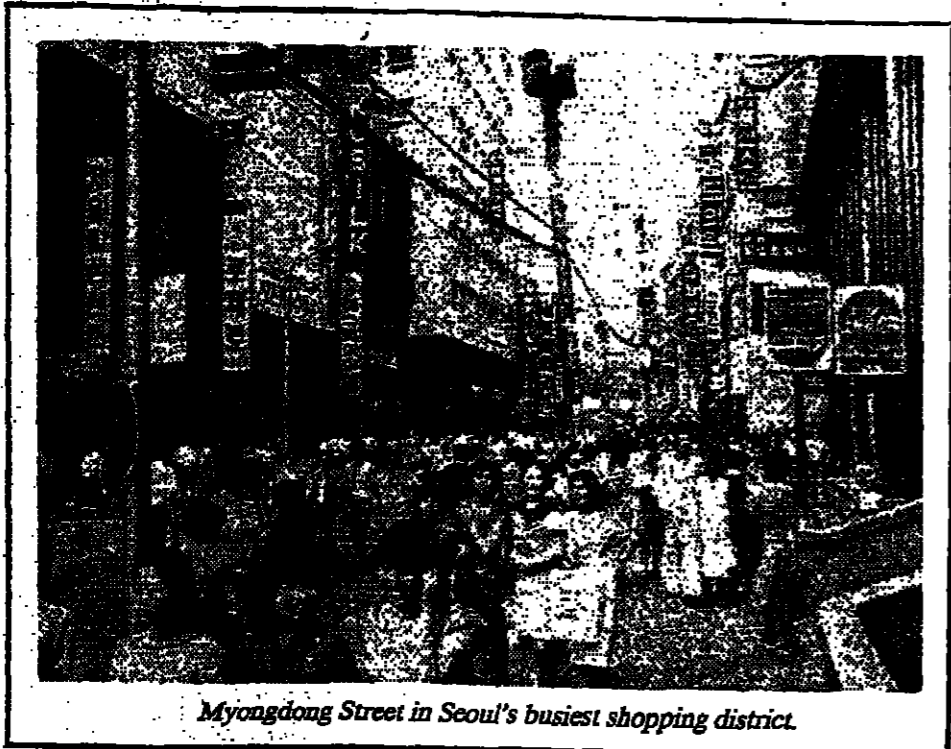
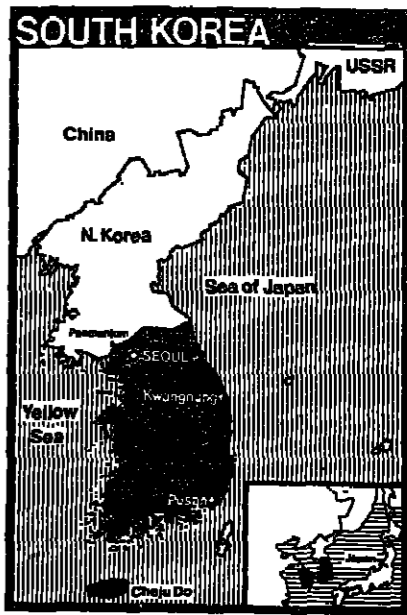
With the wisdom of hindsight, observers later offered the opinion that Gen. Chun's ascent to the presidency was clearly mapped out from that night. After a wave of dismissals and new appointments in the military, Gen. Chun retired briefly from the public eye. Four months later he was back, appoint-

ed acting head of the powerful Korean Central Intelligence Agency, which he promptly purged, dropping 33 section chiefs and many other staff members.

Although the local press was still quoting Gen. Chun as saying, "I myself am not interested in politics," he was increasingly recognized as a serious contender for the presidency. In the spring of 1980, the dissident Kim Dae Jung and the leader of the New Democratic Party, Kim Young Sam, entered into an uneasy partnership in a bid to consolidate the opposition. With Kim Jong Pil, leader of the majority Democratic Republican Party, they were considered the main potential presidential candidates.

Had the politicians been allowed to muddle along to eventual elections, it is doubtful that the electorate would have chosen Gen. Chun, who was then closely identified with Mr. Park. But Mr. Choi, through indecision or perhaps under pressure, refused to set a definite date for the elections, and across the country students began protesting the delay.

If Gen. Chun and the military needed an (Continued on Page 8S)



Myongdong Street in Seoul's busiest shopping district.

SOUTH KOREA

A SPECIAL SUPPLEMENT

INTERNATIONAL
Herald Tribune

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PARIS, JUNE, 1981

Country's Shipbuilding Remains a Bright Spot

SEOUL — At a time when many industries have been set back by political instability, rising oil prices and a worldwide recession, South Korean shipbuilding has been a shining light in the economic gloom.

Lloyd's shipping economist recently listed South Korea, which has an installed capacity of about 4 million gross registered tonnage a year, as running second to the Japanese in the world's shipbuilding order book.

T.K. Lee, senior manager of the giant Hyundai Corp.'s ship sales department, said of 1980: "We received 23 orders amounting to \$760 million, our best year so far in terms of orders received." He added that the recession had, of course, affected the company — "We've had to try harder to survive."

This casual comment offers a clue to the industry's success. A determination to survive, a willingness to work hard and the taste of success have affected workers and senior executives alike.

Okpo Shipyard

The Daewoo group's as yet untested and unfinished Okpo shipyard began operations last year. The yard won 17 orders worth \$560 million in 1980, and total orders to date amount to \$825 million.

Between them, Hyundai and Daewoo dominate the industry, with Hyundai having a capacity of 2 million gross tons and Daewoo reaching 1.2 million. Hyundai Heavy Industries completed its shipyard, with three dry docks, at Ulsan on the southeast coast in March, 1973. It has since delivered about 200 large ships and received orders from more than 16 countries.

The yard was originally geared to building large crude carriers, but has diversified, constructing a variety of oceangoing vessels, including supertankers, general cargo ships, bulk carriers, container ships, pure car carriers and forest product carriers. The shipyard also can construct a range of barges, semi-submersible drilling rigs and workboats for offshore and port operations. "I think we have been successful in spite of the recession because of this quick diversification," Mr. Lee said.

Daewoo is a newcomer on the shipbuilding scene. Its Okpo yard on Koje Island, about 47 kilometers south of the major port of Pusan, covers an area of 3.17 million square meters, and its most important characteristic is flexibility, designed with future oil shortages and high prices in mind. British shipbuilding consultants, A and P Appledore, designed the yard and, with the Norwegian company Det Norske Veritas, provided much of the technological expertise and management information system. The dry dock, one of the largest in the world, can accommodate different sizes and types of ships at the same time.

Wage Increases

The construction of a 900-ton crane is expected to be completed by early October, at which time the yard will be officially inaugurated and two stainless steel chemical tankers ordered by Norway will be launched four months in advance of schedule.

Both companies have full order books up until the first quarter of 1983.

Good labor relations and comparatively low wages are vital if the shipyards are to maintain their present high standards and low prices.

At present, an average wage on the shop floor is about \$3.70 an hour, and wages are generally increasing at a lower level than inflation so this is not an immediate problem. However, South Korean shipbuilders are aware that they cannot expect to have this advantage indefinitely, so they are seeking increased productivity — South Korean ship-

yard workers are still rated as less productive than Scandinavians and Japanese.

Unions, many of them formed by management, are relatively quiet. At Okpo, built on an island of rice paddies and fishing villages, Daewoo had to supply all facilities to tempt workers to join them. Housing is provided at 50 percent less than the market rate, and schools and hospitals have been built and staffed, as well as shopping and entertainment facilities.

Daewoo workers are expected to put in long hours and a six-day week but executives, wearing the same uniform, do likewise. Wives are encouraged to work alongside their husbands, and the "Daewoo family" image is carefully cultivated.

Daewoo and Hyundai emphasize that, apart from an initial five-year tax break, they do not receive direct government subsidies or tax concessions. However, the state-owned Korea Development Bank does hold 49 percent of Okpo's \$140-million equity, with Daewoo retaining the other 51 percent.

Although shipbuilding is a priority industry in the country's economic development and the Export-Import Bank of Korea sometimes helps with yard export credit, "money is short and the Koreans are not often as competitive as the Japanese or even the Singaporeans in credit terms," a foreign trade source said.

According to the government's projected five-year plan, shipbuilding capacity will be increased to 6 million gross tons by 1986. A recent report said that Samsung Shipbuilding Co., technical partner of the Danish Burmeister and Wain shipyard, would expand to become a third major yard. Of four other existing smaller yards — Korea Shipbuilding and Engineering Corp., Daedong Shipbuilding, Incheon Shipbuilding, and Daesun Shipbuilding and Engineering — two would be boosted to medium-size yards capable of producing 500,000 dwt vessels, the report noted.

Under the plan, Daewoo's shipbuilding capacity is to increase to 2 million gross tons by 1985. The president of Daewoo Shipbuilding and Heavy Machinery Ltd., Hong In Kie, said, however, that as far as Daewoo was concerned the expansion plan was only under review.

Okpo's modern automatic steel-cutting system, with a production capacity of 300,000 tons a year, could already handle the proposed expansion but one or even two more dry docks would have to be built.

The rapid growth of shipbuilding is inevitably provoking concern among traditional maritime nations, and foreign observers have warned that getting enough orders to justify further expansion will depend increasingly on the extent to which other shipbuilding nations retaliate.

Japan is the main threat. "Japan is too greedy," said a senior South Korean executive. "Of all the advanced industrial nations, it is the only one still trying to dominate the industry."

Mr. Lee of Hyundai said: "This is a resource-poor country and we depend on our export industry. Shipbuilding is labor-intensive and we have labor. It is somewhat absurd for the developed countries to be so worried. Our share of the world's total orders is only about 7 percent on a gross tonnage basis, while Japan has about 55 percent. Traditional shipbuilders should now specialize in sophisticated vessels, leaving the simple shipbuilding to developing nations."

He also pointed out that in general South Korea has to import about 50 percent to 60 percent of the materials needed for shipbuilding. Where do these materials come from? Mainly Japan.

—JACQUELINE REDITT



MEMBERSHIP in churches is increasing rapidly in South Korea, where there are 11 million Buddhists and 6 million Christians. See article on Page 8S.

Life Under the Threat of Conflict

SEOUL — Any consideration of South Korea's policies and the motivation of its leadership must take into account the republic's fear that the fratricidal, three-year Korean conflict, which ended with the armistice of 1953, could flare up at any time.

Many critics of successive South Korean regimes have accused the military-backed leadership of using the war bogey to justify repressive measures against civilians. They cite official reports of Communist saboteurs fomenting violence among the people of the provincial capital of Kwangju a year ago, and efforts to label the dissident and onetime presidential candidate Kim Dae Jung as a Communist fellow traveler.

Whatever the merits of the government's case for these allegations — according to international jurists, the evidence was flimsy — the fact remains that Communist North Korea is only about 20 miles north of Seoul, and its president, Kim Il Sung, has apparently not abandoned his policy of uniting the peninsula by force under Communism.

In the day-to-day life of the capital, the visitor would be hard put to detect evidence of this sense of military urgency as he jostles among well-dressed locals on the pavements and in department stores bursting with goods of all descriptions. The tree-lined avenues, neat flower beds and manicured lawns typify a country on the way up.

Observing Curfew

But the signs are there, so commonplace to locals that they are largely ignored. They do not ignore the curfew, though, for that could mean a night in jail, at least. As midnight draws near, the rush of taxis takes on a frenetic pitch. Police armed with carbines begin pulling striped, tubular steel barriers into place. The city lights are largely dimmed apart from essential traffic — dustcart, construction trucks, police and military patrols.

At night, tanks and armored personnel carriers can occasionally be heard rumbering through the tunnels that cut through the tree-covered hills that bisect Seoul. Many of the hills are security areas and prohibited to Sunday strollers. But from others can be seen military vehicles and troops in army compounds, emplacements for guns, communications posts on hilltops.

Looking down into schoolyards one may see children drilling. Employees are whisked away at a day's notice for military training. On roads north of Seoul, tank traps line the rice fields and bridges are equipped with sliding steel shutters to blunt an attack.

Standing Armies

And there are the American soldiers, towering men in reefer jackets emblazoned with gaudy Korean dragons, men with Georgia accents, wearing Stetsons and cowboy boots, in the village outside a U.S. military base. There are about 39,000 U.S. servicemen based in South Korea, and President Reagan has made it clear that, unlike his predecessor, he has no intention of moving them.

Two of the largest standing armies in the world face each other across the 150-mile demilitarized zone from the Yellow Sea to the east

coast. President Chun Doo Hwan reminded Americans during his visit to Washington this year that North Korea had great military superiority over the South — at least 100,000 more ground troops and twice the number of aircraft, artillery pieces and ships.

Northerners are conscripted for seven years. Southerners for as little as 33 months. The North has more soldiers trained in guerrilla warfare. In the past year, the Seoul government says, Communist infiltrators have been killed after penetrating to the South by river, from disguised trawlers, in submarines and diving gear. Several tunnels dug through solid granite under the DMZ have been reported.

How many infiltrators got through undetected and how many fresh tunnels have been dug is questionable. Anti-South propaganda is belted through loudspeakers across the DMZ and broadcast by Pyongyang radio. Balloons, regularly drop leaflets into South Korea denouncing "the murderer Chun Doo Hwan" and his "dictatorship raised on the chest of Yankee imperialism."

But the equation for a successful Northern invasion would have to take into consideration more than South Korea's armed strength and the U.S. military commitment to Seoul. The Soviet Union, China and Japan are essential factors for one aiming to disturb the strategic equilibrium in the region. The Chinese inter-

vention was decisive during the Korean conflict. The Soviet Union is now the main supplier of those arms that North Korea does not produce itself.

China Trade

The North relies on both Communist powers for almost all its oil. But Peking has denounced Moscow and moved closer to Washington. South Korea, without seeking publicity, is actively trading with China. President Chun has suggested that the United States try to persuade China to recognize the Republic of Korea, whereupon the South would accept U.S. recognition of the existence of North Korea.

Japan, with a territorial claim against the Soviet Union, trades with both North and South Korea while officially recognizing only the South.

The key to the question of future security may lie primarily with the Northern leader, Kim Il Sung. He has placed his son, Kim Jong Il, in a position to succeed him. Some would like to interpret this as meaning that the elder Kim will be content to hand his dream of uniting the peninsula under Communism to his son, rather than attempt to achieve it in his own lifetime. But South Korea's leaders show no signs of dropping their guard.

—JACQUELINE REDITT

Planners Hoping to See New Economic Growth

Special to the IHT

SOUTH KOREA is battling a recession that is considerably worse than that suffered by many of its neighbors and competitors.

Last year South Korea's gross national product fell by 5.7 percent, and government ministers are now drawing up a five-year plan that will attempt to indicate the direction that the economy will take until 1986. This plan envisages an export-led GNP growth of about 5 to 7 percent annually without a devaluation of the won.

The decline last year followed a decade of steady growth, in which the real GNP increased by nearly 10 percent a year. Much of the decline was chalked up to the inflation rate — 44 percent — and the resulting damage to exports.

Wages increased by more than 30 percent in each of the last three years, but this was not enough to keep up with inflation.

South Korean and foreign businessmen now say that the latest indicators show a gradual strengthening of the economy, but that a certain amount of hesitation is still inhibiting investments and purchase orders.

Bad Luck

In some respects the South Koreans have had bad luck. A political crisis, the world recession and a harvest failure within the same year. But government planning did not help matters.

After the oil crisis in 1973, the government's planners took the view, as did the U.S. economist Milton Friedman, that the Organization of Petroleum Exporting Countries would collapse. They continued to invest in such oil-intensive industries as petrochemicals, aluminum refining, copper refining and oil-powered electrical plants.

The second major oil price rise, in 1979, forced a shift in this viewpoint. Even before the assassination of President Park Chung Hee in October, 1979, a decision had been made to

reverse the policy. It was assumed that the oil import bill (\$6.6 billion in 1980, close to a third of all imports) would continue to dominate the foreign trade statistics, and the government said it would relinquish its dominant role in the economy.

But such a decision has not proved easy to implement. South Korea still has a security problem not faced by many of the other growing economies of Asia. (Military planners assume that the country would have only 24 hours' warning of any invasion from the North.) The old policy of encouraging self-sufficiency in food production is using an increasingly large proportion of the budget. And President Chun Doo Hwan is equally unwilling to bankrupt many of the large industries.

South Korean business can be divided into two camps: small firms making textiles, electronic goods, rubber shoes and the other items that are part of the economy of any newly industrialized country; and heavy industries, called into existence by the government rather than by the dictates of a naturally growing economy.

This is the world of "South Korea Inc.," the

Area 38,452 square miles

Population 39 million (est.)

Currency \$1 = 660 won

Per capita annual income \$1,225

shipyards, automobile factories and steel mills — controlled, though not always in theory, by the government, through the general trading companies.

General trading companies are granted special privileges, such as advantageous loans, access to foreign currency and the ability to stand up to and sometimes overcome the bureaucracy. A complicated mixture of cross-holding, pyramid borrowing and feudal management lies behind these concerns, though which the government attempts to control the economy. Here foreign money has been borrowed, licenses taken out, infrastructure developments created — yet all are short of work and over-borrowed.

The government of President Chun had two options when it took office: It could attempt to take over these businesses and run them as nationalized companies, or it could cut them loose from government strings and subsidies and let them sink or swim, on their own. It tried both, without notable success.

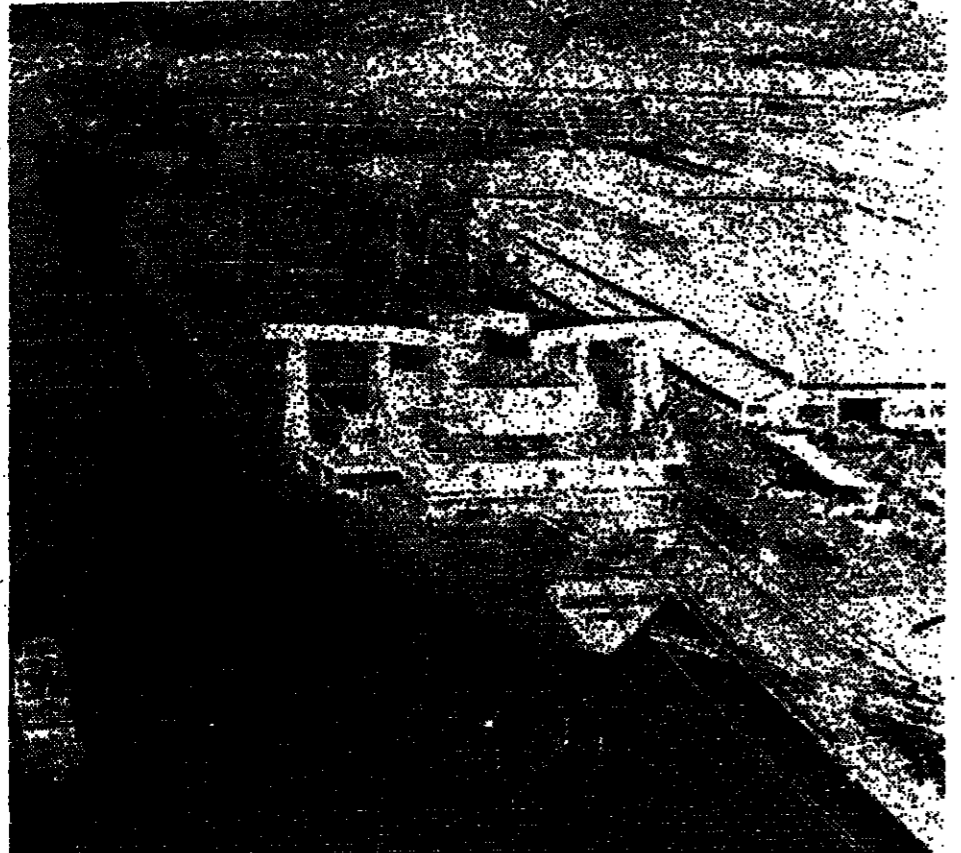
It sought to realign the general trading companies, to merge the automobile firms, and "rationalize" the electronics industry. Meanwhile, government ministers were talking about reforming the whole system.

Advisers' Viewpoint

The government economic advisers are mostly U.S.-trained economists who have an idea of an open South Korean economy, with Singapore or Hong Kong as models.

They want the government to cut its ties with business, reduce government control, liberalize imports, cut subsidies and bring order into the complicated series of monopolies and regulations that make up the "heavy" part of South Korean business.

Most observers agree that further reforms will have to be introduced in many areas of the economy if the policy-makers are to attain their goals.



A ship under construction at Hyundai yard at Ulsan.



A Military Armistice Committee meeting at Panmunjom during which alleged violations of the armistice are discussed. Representatives of the United Nations Command are on the

left side. Sitting on the right side of the table, which is divided by a cord, are representatives of the North Korean government and of the Chinese Peoples' Voluntary Forces.

SOUTH KOREA

Workers Push to Stay Even With Inflation

By Ann Charters

SEOUL — South Korea's workers received long-overdue recognition for their role in the economy when President Chun Doo Hwan elevated the top-ranking government labor official to the rank of minister this spring.

The move, in step with the new government's avowed goal of promoting the welfare of its citizens, will give labor a voice in Cabinet-level decisions, but will not be sufficient to contend with the increasing demands being placed on the country's work force.

The 7-million-strong industrial labor force experienced a decline in real wages last year and is being pressured to settle for an increase below the rate of inflation again this year. Because only 25 percent of these workers are organized into unions, a new labor law went into effect in January requiring companies to set up an employee-management council. The purpose of the law was to provide an outlet for labor grievances within each company and require that workers and management actually address mutual concerns in a formal setting.

According to officials of the Ministry of Labor Affairs, the councils were needed because the government felt that it had to protect workers whether they were represented by unions or not. It was thought that the councils

South Korea's industrial trade unions, representing 1.7 million workers, have been going through difficult times. Last summer, the top leadership in 12 unions was removed in the government's wide-ranging purge of what were termed unacceptable elements.

could serve as a safety valve for pressure building up at the factories.

Working conditions are already detailed in law, but the councils can discuss issues that affect workers, such as improving productivity, the promotion of employee welfare, safety, health and the working environment. Management must report and explain management policies, production plans and results, in addition to manpower programs. Labor must explain its demands at the council.

The councils are not designed to supplant unions and are not permitted to strike or to engage in collective bargaining. Yet, according to ministry officials, they can discuss wages, the prevention of employee-management disputes, the handling of grievances and other topics relating to labor-management relations. For the large num-

ber of South Korean companies whose workers are not unionized, the new law may result in management's taking action on long-standing grievances, but it is still too early to tell.

There are signs that companies are at least taking the letter of the law to heart and setting up councils. In some instances, when employers overzealously appointed the workers to sit on the councils, the government stepped in and allowed the workers to choose their own representatives. Labor Ministry officials say that they have seen no change in the number of disputes that their regional offices handle, but the councils have only been operating for four months.

Difficult Times

South Korea's industrial trade unions, representing 1.7 million workers, have been going through difficult times. Last summer, the top leadership in 12 unions was re-

moved in the government's wide-ranging purge of what were termed corrupt and unacceptable elements in all parts of society. Elections for new leaders, scheduled for last fall, were finally held early this year. When the Federation of Korean Trade Unions, an umbrella organization, held its convention this spring, some opposition members failed in their attempts to become part of the leadership. There was also a shake-up in the headquarters staff.

The unions are concerned about holding on to what they have achieved and are in no position to organize more of the work force. The law that required the formation of employee-management councils also weakened the unions. They are finding it more difficult to remain organized and to keep membership up since regional associations were prohibited, making the coordination of local unions difficult. Representatives of national trade unions cannot negotiate directly with companies on behalf of local unions, but serve as advisers, according to government officials.

58% Rise Sought

Yet the changes in union labor practices may have gone too far. With 80 percent of the union contracts still unsigned and almost a month overdue, the national trade unions are being urged to help the local unions finish their negotia-

tions. The trade union federation originally called for wage increases of 58 percent, taking into account inflation plus productivity. The government wants increases held to between 10 and 17 percent and gave only 10 percent raises to government employees.

The settlements will probably be close to 20 percent in increases tied to productivity — more than the government wants, but still representing a loss in real income to workers.

No serious problems are expected in the near future, but much depends on the economy. Millions of pamphlets describing South Korea's loss in export competitiveness to other developing nations were printed by the government and distributed in factories.

The prices of basic commodities such as rice are being controlled to help keep inflation down and the workers' cost of living from increasing too fast. There are signs that the lingering recession is easing and unemployment figures dropped slightly for the first quarter.

The textile industry, which is labor intensive, has been in full production for several months. If the trend continues and workers can see their take-home pay going further, the government may turn its attention to enacting long-debated pension plans, minimum-wage laws and unemployment compensation.

More Temples and Churches

SEOUL — Dramatic growth has characterized many aspects of South Korea, and religion is no exception. At the end of the 19th century, there were only a few Christians and Buddhism was virtually dead, its temples in disrepair and its few remaining monks driven into mountain retreats, after seven centuries of persecution by the Confucian Yi dynasty.

Today there are 6 million Christians — about 15.4 percent of the population — and more than 11 million Buddhists. One is seldom out of sight or sound of a church, neon crosses mark the skyline and electronic bells jar the ear. It has been said that six new churches are established in the republic every day — no doubt an exaggeration, but official figures show that the Christian church has roughly doubled in size every decade for the last 40 years.

National Holidays

The colorful and intricately painted Buddhist temples have been rebuilt and refurbished, and attract thousands of devotees and tourists every fine weekend; Buddha's birthday is a national holiday, as is that of Jesus. Even Islam has put down roots in recent years; there are splendid mosques in the two major cities, Seoul and Pusan. The residents of an entire village have become Moslems, converted by a Korean construction worker returning home after a tour in the Middle East.

The growth rate of Christianity — which, unlike Buddhism, does not have a long tradition in the East — is all the more startling if compared with Japan, where little more than 1 percent of the population is Christian.

In South Korea, there are about 1.2 million Catholics and 5 million Protestants of various de-

nominations. Another characteristic of South Korean Christianity, however, is an extraordinary fragmentation. Within the largest denomination, the Presbyterians, there are no less than four major churches and about 18 splinter groups. Although the established church leaders would like to see closer ecumenical cooperation, the evangelical competition generated by these schisms has probably actually increased the overall growth.

Horace G. Underwood, founder of Yonsei University, and the Rev. Samuel A. Moffett were two of the Protestant missionaries who arrived in South Korea in the late 19th century. Horace Underwood and Sam Moffet, grandson and son of the originals, are still there, as representative of the United Presbyterian Church U.S.A. and associate president of the Presbyterian Seminary of Korea, respectively.

Mr. Underwood attributes the growth of Christianity in South Korea to the spiritual vacuum that existed when the first missionaries arrived and to the turmoil and change that the nation has experienced in the 20th century. The Christian religions offered not only spiritual comfort but an organized structure, modernization, independence — in national and personal terms — and Western education.

Mr. Moffett says that the Protestant missionaries were lucky, "bringing the right message at the right time," unlike the Catholics, who had arrived a century before but had little success. He also emphasized another characteristic of the South Korean church — its vitality. Anyone attending the full gospel church on Seoul's Yoido Island will appreciate this as he joins the 10,000 people who race up the steps of the theater-like church for each of the three Sunday services.

— JACQUELINE REDITT

A Republic Born Out of Turbulence Is Now Experiencing Growing Pains

(Continued from Page 7S)

excuse, they soon had one. Critics of the regime have suggested that the student demonstrations were deliberately allowed to get out of hand, thus justifying intervention by force. Certainly the riot police, faced with as many as 50,000 students marching through the streets of Seoul for three consecutive days, showed remarkable restraint, using only tear gas and an occasional baton to control the crowds.

On the fourth day, May 17, 1980, the students withdrew but that same evening police rounded up many political and student leaders, and martial law, already partially in force since Mr. Park's assassination, was declared total and nationwide.

The following day, paratroopers were sent in to crush a demonstration by about 300 students in the southern provincial capital of Kwangju. Reports reached Seoul

that youths, many of them neither students nor demonstrators, were being dragged out of their houses, sometimes stripped in the street and beaten. The citizens of Kwangju were so outraged at the brutality that they fought off police and troops in a general uprising that lasted 10 days and left an official death toll of 189 and more than 400 wounded.

After Kwangju, universities were closed and political activities banned, and press censorship became absolute. A series of purges occurred through all levels of society. Thousands lost their jobs or were sent to re-education camps to "revitalize their patriotism."

Kim Sentenced

Kim Dae Jung, found guilty by court-martial and the civilian Supreme Court of attempting to overthrow the government and investigating the Kwangju insurrection, was sentenced to death.

President Visits Reagan to Put an End to 'Inconvenient' Relations

In September, Gen. Chun succeeded Mr. Choi as president, having resigned from the military and immediately revised the constitution. The new version dissolved existing political parties but was far more democratic than its predecessor, limiting the president to a single seven-year term, and so won overwhelming support in a referendum.

The new president's last major restrictive measure was to ban 567 former politicians from political activity for the next eight years. Apart from that, President Chun set about expediting promised democratic reforms and relaxing the harsh restraints he had imposed. New political parties were permitted, martial law was lifted, overt press censorship ended. Kim Dae Jung's death sentence was

commuted to life imprisonment and most of those convicted because of the Kwangju violence eventually had their sentences reduced or were released under a series of amnesties.

In March, President Chun won a sweeping victory in the presidential elections by electoral college. The newly formed Democratic Justice Party, which he agreed to lead — admitting, "I am now indeed a politician" — won 54.7 percent of the seats in the new parliament in general elections, although gaining only 35.6 percent of the total votes. Its nearest rival, the opposition Democratic Korea Party gained 21.6 percent of total votes, giving it 29.3 percent of the seats. For the first time in 20 years, the Socialists are represented in parliament with two seats.

After nearly 18 months of uncertainty and unrest, the republic seems to have reached a calmer state, and the government is confident that domestic stability will be accompanied by an upsurge of economic growth.

Foreign Policy

President Chun's foreign policy has been to improve existing relations and expand ties with developing nations and non-hostile Communist countries. He has already had success on the foreign front, and his peace overtures to North Korea, in the form of an invitation to President Kim Il Sung to visit the South, won approval at home and abroad, despite the fact that there were no expectations of success.

Relations with the United States

have improved. President Chun was the first foreign head of state to visit President Reagan, putting an end to what a South Korean government spokesman called the inconvenient relations that lasted through former President Carter's term of office. He won promises of increased U.S. military support.

President Chun hinted during the visit that South Korea might be ready to follow the United States into better relations with China — officially a deadly foe since the Korean War, although estimates of trade between the two countries ranged from \$300 million to \$400 million last year.

Patching up strained relations with Japan — highly critical of the Chun regime's treatment of Kim Dae Jung — has been a more delicate business. Seoul is sensitive to

any apparent interference in its domestic affairs by the former colonial power, and resents being in the economic shadow of Japan. But President Chun has said that he was willing to hold summit talks with Premier Zenko Suzuki.

South Korea has also made efforts recently to increase ties with developing nations, thus competing in foreign policy with North Korea. Two major achievements have been the opening of full diplomatic relations with Nigeria and Libya.

As President Chun's "new era" gets under way, there is little overt evidence that there is the kind of volatile opposition that existed last year. But the government appears recently to have prevented student protests by arresting many activists and flooding campuses with plainclothes policemen. Also, a flurry of leaflets condemning President Chun, and complaints by businessmen, expressed only in

private, of heavy government interference, suggest that bitterness remains.

There is no doubt that the army remains a major force — indeed, it has to be because of the situation with the North. Although President Chun and several other high-level government members have taken off their military uniforms, South Koreans recognize the army as the real power behind the presidency. "The military is the backbone of this country, no one can rule without its support, which makes for a rather precarious equilibrium," a South Korean journalist said.

But with the old leaders out of the picture and no new personality emerging to offer an alternative, many South Koreans appear to have settled for the peace, prosperity and security that the rulers of the fifth republic promise, although at the expense of full Western-style democracy.

THE ORIENT

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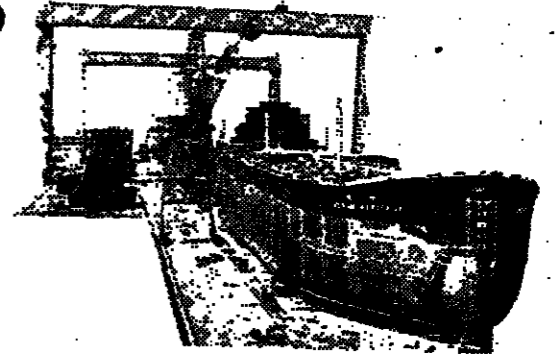


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SOUTH KOREA

Auto Companies Are Optimistic

SEOUL — 1980 was a bad year for South Korea's young automobile industry. The economic recession, rising oil prices, an anti-inflationary tight-money policy and a government plan to slow excessive growth with hefty taxes took their toll.

Since domestic automobile production began in 1962 with a modest 3,000 cars, the industry has grown rapidly, dominated by three companies. The largest is Hyundai Motor Co., part of the Hyundai conglomerate, whose main success has been the Pony passenger car. Since production began in 1976, Pony sales at home and abroad have totaled 222,000 units. Hyundai also makes the Ford Corina Mark 4, assembles a small number of six-cylinder Ford Granadas and produces buses and trucks.

Saehan is a newer company, a 50-50 joint venture between General Motors of the United States and the Daewoo group. Saehan produces the Gemini — its answer to Hyundai's Pony — the Rekord Royale, and about 65 percent of Korea's large trucks and buses. The Saehan bus plant turns out 500 to 600 buses a month.

Kia Industrial Co., like Hyundai, is totally Korean-owned but has strong links with Honda and has produced a small car called the Brisa, although its main strength has been the small and medium truck market.

In 1979, about 197,000 automobiles were sold, 166,000 in domestic

sales and the remaining in exports. In 1980, this dropped to a total of 126,000 units, of which 101,000 were domestic sales. According to trade sources, Kia lost about \$33.6 million in 1980, Hyundai lost about \$27.7 million and Saehan about \$19 million.

In the summer of 1980, the Standing Committee for National Security Measures, headed by Gen. Chun Doo Hwan before he became president, attempted to remedy economic problems, and the auto industry was one of the first targets.

GM Unhappy
Chung Ju Yung, chairman of the Hyundai group, and Kim Woo Choong, the Daewoo chairman, were told that the strong competition between the two conglomerates was not in the nation's best interest. They were given a week to arrange a swap — one was to take the motor industry, the other the combined production of power-generation machinery. Although this action, involving assets of more than \$1 billion, left many foreign businessmen aghast, the two chairmen took it in stride. Mr. Kim, 44, left the choice to his elder, the 65-year-old Mr. Chung, who chose the motor industry.

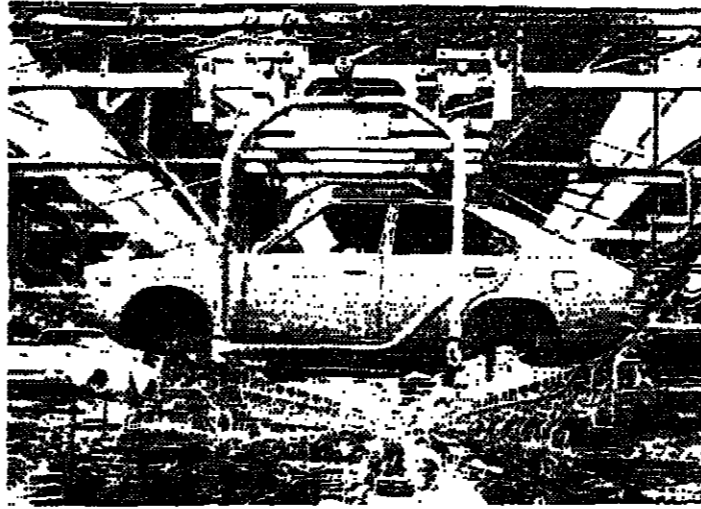
As it turned out, General Motors was distinctly unhappy when, following the government directive to join forces with Hyundai, it found that it was only being offered a 20-percent share, which would have given it little, if any, management control. Several

months of discussions got nowhere and at the end of February, the government economists, who to a large extent had been taken over from the military, who made the original decision, announced that the merger plan had been dropped.

The government allowed General Motors, remaining in partnership with Daewoo, to invest about \$1 billion before the mid-1980s. This was to enable GM to develop and export small cars along the lines of its world car concept — a family of cars based on an advanced design and interchangeable parts and components, which can be modified to meet government and customer demands in various countries.

However, Oh Chang Kun, Saehan's manager for planning, coordination and public relations, said that Saehan had no definite plans yet. "We will stick with the Rekord Royale and the Gemini for at least a couple more years, though introducing the world car concept to Korea is under consideration for the future."

Instead of the GM-Hyundai merger, the government announced that Kia would merge with a smaller company for the production of small and medium trucks and light buses. As of Sept. 30, Kia will no longer be permitted to make passenger cars or pickup trucks, while Hyundai and Saehan will be prohibited from making one- to five-ton trucks, 25-passenger light buses and special purpose



The Pony assembly line.

vehicles. Large bus production will remain open to all.

With the problems of 1979-1980 well behind them, the automobile companies are optimistically moving on future plans, expecting to hit new sales peaks by 1983. In a bid to gain more of the taxi market, Saehan, following the success of the diesel Royale, plans to put diesel engines into the smaller Gemini. The increased retail price will be more than offset by the cheaper operating cost, according to Mr. Oh.

Although some market sources believe that Hyundai is also planning to go diesel, S.W. Chon, executive director of Hyundai Motor Co., said that, because the Pony already gets high mileage, there were no plans to install diesel engines.

Banking Thrives at Two Levels

Special to the IHT
KOREA'S five big "commercial" banks are all partly owned and virtually controlled by the Ministry of Finance, down to the level of appointments of deputy managers of branch offices.

The government also runs the Korea Development Bank, which specializes in lending money at even more economic rates than the "commercial banks," and the Korea Export-Import Bank, which lends money to exporters on favorable terms.

The Bank of Korea, the central bank, is controlled by the Ministry of Finance, which has a veto on appointments of personnel and the renting of office space. The ministry itself is under the control of the Ministry of Economic Planning.

The Ministry of Economic Planning was until recently controlled by people who were determined to see South Korea grow into a second Japan. Instead of taking the 100 years that Japan took to turn from a peasant economy into an industrial giant, South Korea would take only 25 years, whatever the cost.

Another Sector
Outside the official banking sector lies another banking sector.

In the center of Seoul is the garment district, Myong Dong. Here, among the smart ladies' dress shops, can be found scruffy edifices where money can be borrowed or lent at interest rates that are about half as much again as those charged by the government "com-

mercial banks" and about double those charged by the Korea Development Bank or the Export-Import Bank.

It is a symptom of South Korea's economic troubles at the moment that the real rate of interest is below the official rate of inflation. During good times and with an economy of such growth potential, businessmen would be paying well over the rate of inflation on the assumption that things would get better.

Two Plans Announced

Kim Jae Ik, the economic adviser to the president, has put on record his dissatisfaction with the distortions created by the government banking sector, distortions that he sees as affecting not only the economic development of the country but the "social atmosphere" of big business.

The Ministry of Finance has announced plans to sell the commercial banks, introduce more foreign banks, free up the interest-rate structure and incorporate the skills of the "curb" market into the official sector. When pushed to give a timetable, however, the ministry is vague, and responses such as "about five years" create in foreign bankers a certain skepticism.

It appears that while the Blue House and the Ministry of Finance are in favor of the plan, the Economic Planning Board and the Bank of Korea are dragging their feet.

Two concrete plans have been announced. The most radical would be to allow the Bank of America and the planners say, any other foreign bank that is prepared to put up the money to open up as a retail bank in South Korea with a local partner.

A Bank of America spokesman said: "Certainly, we have held talks, and have agreed in principle that we would be interested in retail banking in South Korea, with or without a Korean partner."

The Bank of America would want at least management control and a considerable number of branches in each of the major cities. A Bank of Korea spokesman seemed to be mystified by the idea of an American bank, even with a local partner, being allowed to open more than three or four branches in the whole country.

The other sign of a renaissance in South Korean banking was the announced sale of the government's shares in the Hanil Bank, one of the big five "commercial banks." Observers are unsure as to whether the sale will mean that the

Hanil Bank will become a private bank in the Western sense of the word. They point out that the considerable number of bad debts, loans agreed at unrealistic interest rates and other remnants of government control have not yet been isolated from other areas of the bank's activities.

The Curb Market

While the government is weighing plans to liberalize the banking sector, the financial activities are moving more and more in the direction of the curb market. Several discount houses specializing in buying commercial loans and documents have now become sizable financial institutions, dealing not only in bonds but also in stocks and shares.

The stock market has been bouncing back from an all-time low, but, to the distress of the government, the sectors that have been doing best are the financial institutions and the real estate business. Neither of these has a major place in the government's plans to lead the economy out of its depression.

Most of the share companies quoted on the stock market have, to Western eyes, huge borrowings compared with a flimsy capital base. The average price-earnings ratio of 3 on the Seoul exchange, compared with roughly two or three times that figure on the New York or Tokyo exchanges, means that considerable capital gains can be expected if the South Korean economy gets out of its doldrums.

Western investors might be attracted to the Korean Fund, a holding company for South Korean shares that will be established later this year by the government. The Korean Fund will be run by several of the securities houses as a vehicle for attracting foreign money into South Korean equities without the threat of a foreign takeover that might result from the market being opened for direct investment.

South Korea is underbanked, with only half the number of bank branches per thousand inhabitants as Japan. The passage of personal savings into investment is channeled through the government rather than the banks, and the resulting inefficiencies and distortions have had a detrimental effect on the economy's growth.

Government plans to open up the financial sector will have a revolutionary effect not only on the course of South Korean business but also on the social atmosphere of the country.

Officials Seek a Resumption of Rapid Growth of Tourism Industry

Special to the IHT
SEOUL — The South Korean tourism industry emerged in 1978 as the 6th member in Asia of the "million group."

The Pacific Area Travel Association conference held in South Korea in 1965, a year when 33,464 tourist arrivals were recorded, was the turning point for the industry, which enjoyed a 34-percent average growth rate through 1979. This was caused partly by an active and effective advertising program by the Korean National Tourism Corp., the government agency for planning, promoting and training in the tourism sector, and by Korean Air Lines.

Guarded Optimism

The travel association again visited South Korea for its annual conference in 1979, and there were hopes in the industry for a continued high growth rate. But in 1979, South Korea recorded only a 4.3-percent increase over 1978, and the drop was largely attributed to the assassination of Park Chung Hee in October. The bitterness that was to culminate in the violence in Kwangju in May, 1980, brought the rate to a negative 13.3 percent.

Now there is guarded optimism that the Ministry of Transportation's objective of 1.18 million foreign tourists and earnings of \$420 million will be realized.

The majority of tourists in 1980 came from Japan, followed by overseas Koreans on home visits and by Americans, Malaysians and Taiwanese showed a significant increase of 28 percent and 25 percent respectively from 1979. This was caused partly by an active and effective advertising program by the Korean National Tourism Corp., the government agency for planning, promoting and training in the tourism sector, and by Korean Air Lines.

Among Japanese tourists, there has been a shift in the reasons for visiting since 1978. While earlier they tended to be men on pleasure tours, there has been an increase in family travel and in visits outside metropolitan areas.

There is a growing Japanese acceptance that in Korea are the roots not only of immigrants to Japan but also of great traditions exported from Korea, including Buddhism

and ceramic art. Work in the areas of Puyo and Kongju, southwest of Seoul, both capitals at different times in the Paikjae period (18 B.C. to A.D. 660), is bringing to light the influence of the peninsula on Japan during the 6th and 7th centuries.

Taiwanese visitors show great interest in Korean products, mainly blankets; ginseng, the medicinal herb for which Korea was known in the earliest annals of Chinese travel, and cuttlefish, caught off the east coast and dried in the sun on long bamboo poles.

Cheju Popular

One of the most popular destinations outside Seoul is the subtropical island of Cheju, with year-round pheasant hunting, saltwater fishing and scuba diving. Kyungju, the "museum without walls," Puyo and Kongju are treasure troves illustrating the intermingling and transmission of cultures.

Soraksan, Songnisan and Chirisan national parks offer pristine forest areas sheltering Buddhist hermitages often more than 1,000 years old. Nearer Seoul, each within one

day's touring, are Kangwha Island, and Incheon, the major port of Seoul. There are also the picturesque drive to Chuncheon along the Han River; Suwon's reconstructed defense walls and, nearby, a village that shows life in the days of the Yi dynasty.

According to Travel Market Yearbook, South Korea ranked 47th among 50 cities worldwide in 1980 in business travel costs. These costs were based on a single room for one night, a continental breakfast, service charges and taxes at a first-class hotel; a business lunch for two; round-trip taxi fare between the airport and the city center, and a popular brand of cigarettes. London topped the list at \$346.42. Seoul was listed at \$142.06.

At major travel destinations, accommodations range from sophisticated international hotels to adequately comfortable facilities. The yongwan, the traditional Korean inn, provides a bedroll on the floor and simple facilities, starting at about \$12 a night for a family of four.



NOW AND THEN — A fringed national flag (above), dating from the Yi dynasty in about 1882, was recently discovered in the national university in Seoul. Below, the present flag of South Korea.

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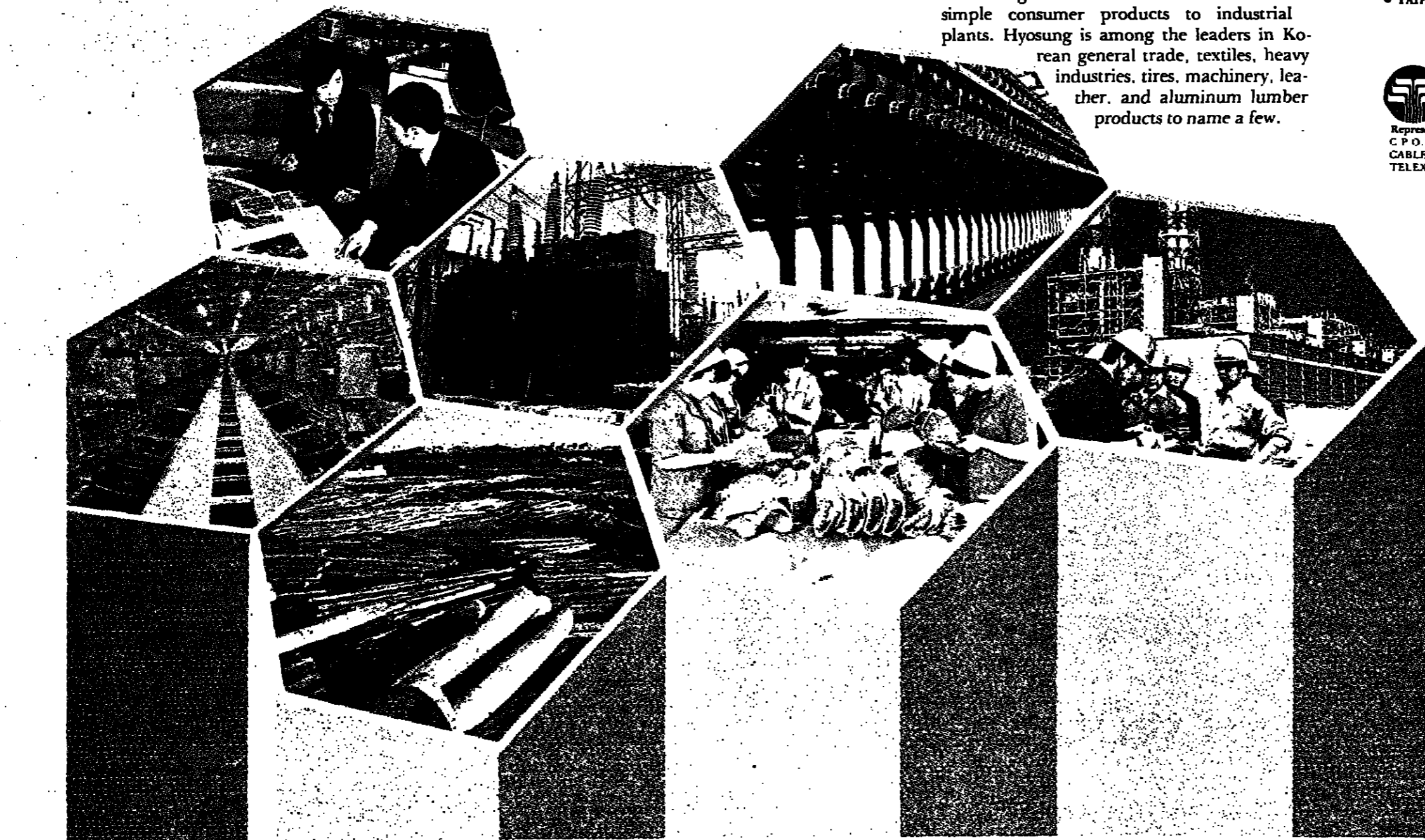
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SOUTH KOREA

Nuclear Power Gets a Big Push

SEOUL—South Korea is one of the world's largest potential markets for nuclear power station sales, with plans to have 43 nuclear plants feeding its electrical grid by the end of the century.

When the country's seventh and eighth nuclear power plant sites were inaugurated in February, President Chun Doo Hwan said that, by 1991, 12 nuclear plants would be in operation and 36 percent of South Korea's electricity would be nuclear generated. Nuclear power was the clear choice for a country dependent on expensive oil imports, the president said.

The search for domestic oil sources offshore continues, but the results have not been promising. The government policy is to switch to coal from oil wherever possible, and Seoul is also exploring other methods of power generation, such as solar and wave power.

South Korea's nuclear market has been dominated by Westinghouse Electric Corp., which was selected as the main contractor for six plants. Canada is building the only heavy-water reactor commissioned.

Washington-Seoul relations—and soft financing. A consortium of seven French banks provided 5.5 billion francs (now about \$1 billion) at 7.6 percent a year, repayable over 15 years, with an eight-year grace period.

Despite the growing nuclear program, the Ministry of Energy and Resources reported that South Korea's reliance on imported energy would rise to 78.9 percent of total requirements by 1986, from 71.5 percent this year. But the ministry said dependence on oil in the same period would fall to 48.4 percent from the current 61.1 percent as government conservation plans and the program of switching to alternative fuels took effect.

Chinese Coal

Planned 1981 oil imports should be around 209 million barrels, according to the ministry, and well over 90 percent will come from Saudi Arabia and Kuwait. The ministry estimated that South Korea will need to import 5.25 million metric tons of anthracite and 16.12 million tons of bituminous coal by 1986, an average annual increase of about 8.5 percent over current demand.

French Contracts

By 1986, coal is expected to be providing almost 31 percent of South Korea's energy needs under the present plan. Ironically, China, which does not recognize the Republic of Korea, was the country's main source of domestic heating coal last year. A second major supplier in the past has been another sworn enemy of the Seoul government—Vietnam.

The government's policy has been to diversify its sources of fuel and to obtain long-term contracts for guaranteed supplies, preferably through joint venture development projects, with the South Korean in-

vestment and, in some cases, labor being repaid in product.

The traditional sources for coal have been the United States, Canada and Australia. But, as an example of its source diversification, South Korea has entered into an agreement with a member of the Shell group to develop coal mines in Swaziland.

The big hope is for an eventual thaw in relations with Peking through the good offices of Washington. This, it is hoped, will enable South Korean companies to provide an infrastructure for developing China's underexploited reserves in exchange for coal.

South Korea besides having some coal of its own, has extensive deposits of uranium ore, estimated by the Korea Institute of Energy and Resources at 43.6 million tons. But the ore is of poor grade and the cost of extraction at the present level of technology would be prohibitive.

The Korea Electric Co. has entered into a joint venture with Cogema to mine uranium in Gabon, with local government participation. The state-run electric company is also exploring for uranium in Paraguay with Anshuetz of the United States and the Taiwan Power Co.

South Korea is belatedly going into liquefied natural gas as a local fuel and has set aside \$2.6 billion to build a storage terminal on the west coast. It has reached agreement with Indonesia to supply 1.5 million tons of LNG beginning in 1985, and will double imports from 1987. The gas will be used primarily for thermal power plants in the early stages, with up to 35 percent being diverted for domestic consumption by 1991.

Foreign bankers admit that

South Korea's economic picture would be transformed with the "slightest whiff" of oil from its offshore drilling operations. After having drilled about half a dozen test wells with next to no success, hopes are dimming—though it took 33 test wells to bring in the North Sea bonanza. South Korea and Japan are jointly conducting a seismic survey in a zone south of Korea and will drill at least one test well in the area this year.

The Korean-American Oil Co., whose concessionaires include Hamilton Brothers Korea, Texaco and Nippon Oil Co., face more than hurricanes in drilling for oil in these difficult waters. There is a political problem because China regards the area as "a natural prolongation" of its own territory.

South Korea has repeatedly offered to enter into talks with China over the issue of their adjoining continental shelf, but so far Peking has ignored the suggestion. Such talks would imply recognition of the Seoul government and offend China's Communist ally North Korea.

—JACQUELINE REDDITT

Textiles Are Going Strong

Special to the IHT

SEOUL—For a period in the late 1970s, government economic strategy was to play down textiles and emphasize heavy industry. By neglecting textiles, however, it was quickly discovered that a major source of foreign income to pay for the development of industry was being eroded.

Textile exports rose by more than 11 percent in the difficult year of 1980. At \$5 billion, they topped the list of export earners, accounting for almost one-third of the total of \$17.5 billion.

At one point, it was ships, electrical machinery and cars that obtained favorable credit and investment incentives, as planners attempted to push the country toward developed status. Now government financing is again forthcoming for the export orders that have returned to South Korea in the last couple of years.

Dependable Labor

Commerce and Industry Minister Suh Suk Joon recently said that textiles exports were expected to more than double to \$11 billion by 1986. The ministry has earmarked a fund of about \$180 million for the modernization of the textile industry, including extensive purchases of new fabric machinery, the establishment of new dyeing centers and the development of secondary materials such as buttons and zippers.

The reason textile orders are returning is simply that South Korea still does some things best. With two decades of experience and with management expertise and good machinery in place, South Korean factories are still able to produce basic fabrics and garments in acceptable quality and at competitive prices. The labor force is dependable and accustomed to working hard, at least in comparison with most other Asian markets. A South Korean seamstress may be paid twice as much as her counterpart in Thailand, but she will produce at least twice as much.

Labor is only part of the story. Although South Korea is losing some of its European market for socks to highly automated U.S. factories, the quality of machinery in South Korean factories is generally good.

A British manufacturer of textile machinery, in Seoul recently with a team of visiting British industrialists, expressed surprise at the machinery in the factories he saw—and some disappointment at the fact that there was little for him to sell. The general level was substantially higher than that in plants in his native northern England. Antiques are a different, too—a visiting buyer from a branded menswear company in Manchester regularly finds he can get a sample of a new cut-style much more quickly from his suppliers in South Korea than from his own factory.

The textile industry also enjoys economy

of scale. Buyers of fashion garments or those requiring ranges made up of smaller quantities of diverse prints and colors have long complained of the high minimums that South Korean manufacturers demand. But for department store chains—K-Mart and J.C. Penney each took more than \$20 million of basic shirts out of South Korea last year—long production runs are just what is needed. As a result, prices can be maintained at levels very competitive with those in markets where labor would at first appear cheaper.

Although order books are full at present, the immediate future is not clear. It is highly unlikely in the current atmosphere of the European Economic Community and North America that restrictions on textile imports will be loosened. As these are based on unit volume, noises continue to be made that South Korea must upgrade the quality of its garments and thus the unit price they command, the strategy that Hong Kong has taken with marked success.

Higher-value items such as leather and fur outerwear and heavy-gauge handknits are developing strongly in South Korea, but it is long production runs of basic garments—shirts, acrylic sweaters, ski jackets—that continue to dominate the industry. For the next two or three years at least, it would seem to be more of the same.

Construction: The Struggle to Do Business Abroad

By Laxmi Nakarmi

SEOUL—When Saudi Arabia's Public Works and Housing Ministry opened bids for a housing development project, two South Korean construction companies were the lowest bidders. Dong Ah Construction and Industry Co.'s bid of \$264 million was \$26 million below the second-lowest tender submitted by Han Yang Housing and Construction.

Complaints are frequently made about the undercutting practiced by some Korean companies. Undercutting in itself is not a problem as long as the companies quote profitable rates.

But what the South Korean government is worried about is that, while the Korean companies are finding it difficult to maintain the tempo that characterized the overseas construction business during

the 1970s, actual earnings from the business are on the decline.

The net foreign exchange earned from overseas construction in 1980 was estimated at about \$1.6 billion of the total contract value of \$8.25 billion, or 19 percent. In 1979, it was 33 percent.

Other developing countries are using lower-priced labor in overseas construction projects, and the Middle Eastern countries are introducing measures to protect their own construction industries.

Project in Thailand

South Korea made its debut in the overseas construction market in 1965 when Hyundai Construction Co., now reputed to be the biggest general contractor in the world, won a highway project in Thailand. But not until the opening of the Middle East market in the early 1970s were Koreans able to make significant headway.

According to the Overseas Construction Association of Korea, \$28.66 billion (nearly 95 percent) of total overseas contracts of more than \$30 billion won so far came between 1976 and 1980 although South Korea entered the Middle East market in 1971. The Middle East accounted for more than 90 percent of the total business. In 1980 alone, more than 95 percent of the total volume of \$8.25 billion came from oil-producing states.

While the Middle East business volume continues to expand, officials play down the fact, insisting that the Korean share in the total construction market in the area has been no more than 5 percent or 6 percent. South Korea is still behind West Germany and France but it had a bigger share than many officials admit.

Detailed figures for 1980 were unavailable, but an analysis by the construction association indicated that South Koreans won about 16 percent of the contract volume awarded by Middle Eastern countries in 1979. The share in 1980 was estimated at about the same level, and it is expected to remain about the same this year.

Although the Korean performance in the oil-producing states was described by observers as excellent, other factors could affect such business.

Shifting Priorities

Countries like Saudi Arabia are shifting priorities from basic infrastructure increasingly to industrial projects requiring a high degree of technological sophistication. An analysis by a Korean research institute shows that the portion of infrastructural work fell from 24 percent in 1976 to 14 percent in 1980. It is said to be the capacity, not the capability, limitations that make it difficult for South Korean companies to take up high-technology projects. As testimony of their capability, South Koreans have completed a number of high-technology projects within their own country.

While technology constraints trimmed the competitive edge in industrial plant projects, increasing labor costs because of domestic inflation have also caused problems. At one time, Koreans were winning contracts solely on the strength of cheap but hardworking, skilled and disciplined workers. Now companies are being forced to seek labor in India, Pakistan and Bangladesh. "In the high-

level category, say a project designed, it is cheaper now to hire a European," a senior executive said. Two of the urgent problems before the government recently were to prevent companies from bidding if they did not have adequate technical and financial capability, and to stop unhealthy undercutting.

An overseas licensing policy adopted late last year attempts to solve both problems. The classification of contractors in two categories, principal and subcontractors, has checked the cut-throat bidding and reduced competition. While the license policy limits the number of competitors, the banks, which are mostly government-owned, keep an eye on contractors to make sure that they do not quote too low a rate.

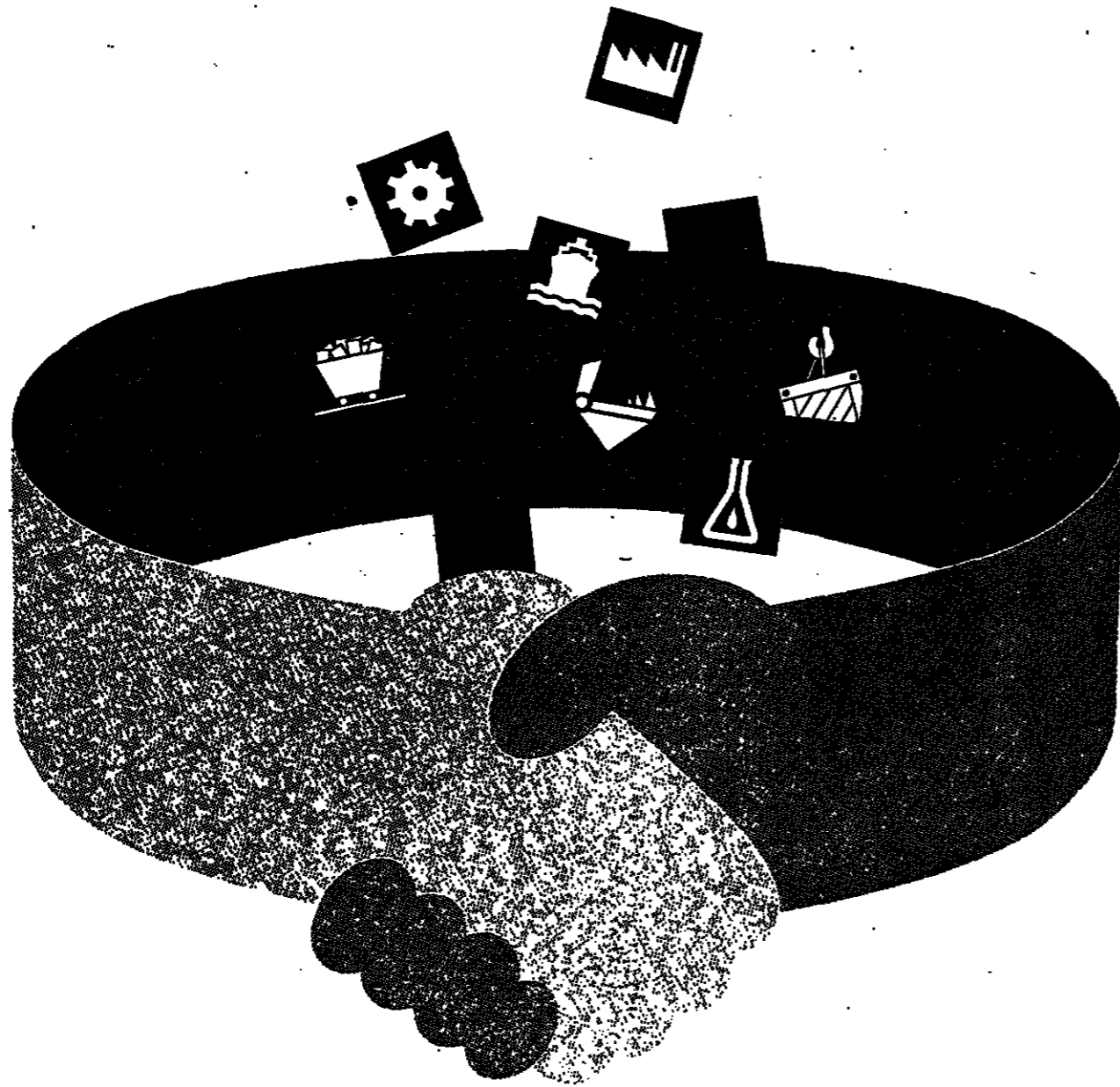
In order to retain South Korea's position in the world construction market, the government has been applying increasing pressure on contractors to diversify their markets. Recently the government set up a \$500-million overseas construction promotion fund for five years, to be boosted by another \$500 million later. The fund will help companies explore new markets as well as upgrade their technology.

JACQUELINE REDDITT, who coordinated this special supplement and wrote articles for it, has lived in South Korea for nearly two years and is the correspondent for The Times of London and The Sunday Times, the BBC and the Christian Science Monitor. Before going to South Korea, Ms. Reditt was the Daily Telegraph correspondent in Lisbon.

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Personalities

John Modenos Putting Greek Opera on Map

By Haris Livas International Herald Tribune

ATHENS — John Modenos recalls his first performance of "Rigoletto" in Denver. "I guess it was the height of the Rocky Mountains. I couldn't breathe and felt all sweaty. I was wearing a little goatee and when I started singing the vendetta, I knelt at the end of the stage and the goatee fell right on top of a bald-headed musician. I preserved my dramatic demeanor, although I expected laughs. There were none. The next day the critics gave all their space to me and how I kept cool. The other singers got about half a line each. Were they angry at me?"

The baritone by now has sung Rigoletto 169 times. It's his favorite role. "It's the little of everything. The part requires a singing actor and that's what I claim to be. I enjoy doing it more than anything else."

Modenos doesn't have much time these days to sing Verdi. He is too busy putting the Greek National Opera on the European map. Modenos was appointed artistic director last fall, and an opera company that the director himself characterized as "middle-class" when he took over has just finished its best season. Last year it was going broke and ready to close. It hasn't moved into the black — no opera company can putting on what Modenos calls "the most expensive show in the world" — but all seats are full and standards and discipline have greatly improved.

It hasn't been easy. Greek newspapers have been full of detailed accounts of his many disagreements with the opera committee. The company has never had such a press — both pro and con.

Modenos He did have to "put water in his wine," a Greek expression for making compromises. But most of his fights for artistic excellence have been won. And he has made the company a far more democratic organization, preserving in his own office an open-door policy, an informal approach for a position that has always been stuffy and dignified.

Modenos was born in Cyprus and was singing at the age of 5 — Byzantine music, as on that island the only way to get ahead as a singer is in the church. At 15 he was the youngest cantor ever appointed. But by his 18th birthday he was in the United States to continue his studies. "I grew up in America," he said, "and I think American." He credits his belief in American publicity and promotion methods for helping save the Greek National Opera.

Modenos was drafted during the Korean War, but spent his time organizing soldiers' shows and getting lots of experience singing. After discharge he found a patron, the owner of an Atlanta department store. "She sent me to study with Estelle Liebling, who was also the teacher of Beverly Sills." Modenos later made his debut in "La Traviata" with Sills. Since she now is director of the New York City Opera, Modenos hopes "to inaugurate some cooperation and an exchange of singers."

Good Luck With a Broken Leg

His career moved forward another step when he fell off a stage and broke his leg, cutting him to support from a program for wounded veterans, which he used to study at the American Theater Wing, "the greatest thing that could have happened to me." Then he won the American Theater Concert Award which gave him a Town Hall recital. He has done a lot of concert work, which he has continued in Greece, and finds it more demanding than opera. "Without scenery, costumes, orchestra, you have to deliver what comes from inside — from the heart."

Another prize, the American Opera Award, gave Modenos a Milan debut in "The Barber of Seville" and a Florence debut in "Tosca." In 1961 he was in Athens for the world premiere of "Nausicaa" by Peggy Glanville-Hicks, and the same year he won an international singing competition in Veroli, Italy, but because it was difficult to get started in Italy he returned to Greece and became the leading baritone of the National Opera, singing 17 operas in two seasons.

Then Herbert Graf invited him to join the Zurich Opera, which had a large contingent of American singers, and from his base in Zurich Modenos sang with the major companies of Europe. He believes it was the experience thus acquired that accounted for his selection as artistic director of the Greek National Opera.

"The government and ministry thought that only someone who knew opera from the inside could save it. My experience of 25 years in opera in America and Europe made it seem I was the right person to bring the ship back to the surface."

He began by informing everyone that they had to work. Modenos insists that "we're not going to pay people anymore for doing nothing." His plans include bringing back important Greek singers, or singers of Greek ancestry, such as Teresa Stratas, Tatiana Troyanos and Agnes Baltsa, for guest appearances. And he is dedicated to "putting new blood in the opera." The latter includes (all new ideas here) sending the opera around the country, presenting scenes with simple explanations on TV, and student performances of operas presented earlier but with promising new singers who wouldn't otherwise have a chance. He hopes to attract young people at low ticket prices.

Under Modenos, the company had the first performing dates in its history outside Greece (with the exception of Cyprus). This was in Prague, where many years ago Modenos sang "The Barber of Seville," doing his role in Italian while the rest of the cast sang in Czech. For one scene, Modenos had rehearsed by himself a few words in Czech. Singing these he brought down the house and order was not restored for 10 minutes. "All these years," he reminisced, "I thought I got it wrong and said something dirty." It wasn't until he was making the arrangements for Prague this year that he finally found out he had been right all along and that the uproar was just enthusiasm.

Modenos has been busy planning a convention in Athens this summer of the directors of the major opera companies. The summer also holds more Verdi for him. "Nabucco," which the company will perform next month in the Athens Festival.

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Waverley Root Milk: Sour, Curdled, Condensed, Evaporated, Dehydrated, Etc.

CLIFTON Fadiman has been credited, whether rightly or wrongly I do not know, with having defined cheese as "milk's leap toward immortality." It falls a trifle short of immortality, but makes a valiant effort in such cheese as Parmesan, which according to connoisseurs gets better and better up to the age of 20 years, after which, apparently, it begins to wonder whether immortality is worth the effort.

However worthy cheeses may be in their own right, men has always tried to keep milk itself in approximately the state in which it appears fresh, an effort in which milk has not notably cooperated, unless you count souring.

Souring might be described as an effort on the part of milk to remain edible longer. Sour milk is not spoiled milk. Some persons like the taste of sour milk, though I do not happen to be among them. But I do miss, in these days when processors forbid our milk to sour naturally, the now almost forgotten deliciousness of sour milk but curds, cakes and cookies (and sour milk helps bread to rise).

In many parts of the world milk is soured purposely to convert it into products meant to be eaten on their own, treated in ways that make them more attractive than naturally soured milk like the sour cream dear to Slavs, the Balkan peoples, and quite a few others.

Dividing the Nutrition Curds and whey were common foods of our not-so-distant ancestors, which divided the nutritive elements of whole milk between them: the semisolid curds are mostly fats and casein, the principal protein of milk; the whey contains milk sugars, mineral salts, and lactalbumin, another protein.

A longer step in lengthening the life of milk is taken when we convert it into butter, leaving the residue of buttermilk, which is not quite the same thing as whey because changes occur in churning. Butter is the longest keeping form of milk until we reach cheese, a category from which we had better exclude cottage cheese, which is really curds.

We have two ways today keep-

ing milk in a state from which it can be returned to an approximation of fresh liquid milk: either by removing from whole milk a large portion of its water, giving us condensed milk or evaporated milk (confusingly interchangeable terms), or by removing all of its water, giving us dried milk in powdered form.

The first producers of condensed milk may well have been the Tartars, whose diet was based on mare's milk. Marco Polo tells us that they "have their dried milk, which is solid like paste; and this is how they dry it. First they bring the milk to the boil. At the appropriate moment they skim off the cream that floats on the surface and put it in another vessel to be made into butter, because as long as it remained the milk could not be dried. Then they stand the milk in the sun and leave it to dry. When they are going on an expedition, they take about 10 pounds of this milk; and every morning they take out about half a pound of it and put it in a small leather flask, shaped like a gourd, with as much water as they please. Then, while they ride, the milk in the flask dissolves into a fluid, which they drink. And this is their breakfast."

Correcting Marco Reay Tannahill, author of "Food in History," suggests that Marco Polo's observation was not quite perfect. "Marco's mention of bringing milk 'to the boil,'" she writes, "is misleading. Milk, in which the cream had already risen to the surface, was probably put in shallow containers and heated slowly to a few degrees below the boiling point. The cream would then become thick and crumpled, easy to skim off when it cooled. This is, in fact, what is known today as 'clotted cream' or 'Devonshire cream' . . . If the Mongols had failed to skim off the cream before drying their milk, the powder would have turned rancid very quickly." Miss Tannahill speaks of a powder, not a paste; she is not alone in believing that the Tartars achieved this ultimate state of dehydration.

For Americans, the inventor of condensed milk is Gail Borden, who may not really deserve the credit for its invention, but certainly does for its promotion. According to British historians, a patent for a method of producing condensed milk was taken out in England in 1835, 21 years before a similar patent was granted to Borden in the United States; but the British method was never exploited. Borden, more aggressive, was commercializing his process successfully in 1858, two years after the issuance of the patent. From his point of view it was fortunate, or at least profitable, that the Civil War then broke out. The Union Army, happy at the existence of a form of nearly fresh milk which could easily be delivered to its troops, became Borden's biggest customer, and soldiers became his best customers once they returned to civilian life.

In the first advertisement for his new food, published in 1858, Borden does not seem to have decided whether he had invented condensed milk or evaporated milk; he used both terms (both, of course, are evaporated). In the simple days of my boyhood, we had no trouble distinguishing one from the other. What we called condensed milk had the texture of heavy cream and was sweet. Evaporated milk was more liquid, even more so than ordinary milk, and was unsweetened.

Powdered Version The story of powdered milk, which is of course completely dehydrated, parallels that of evaporated milk. The first patent for producing it was taken out in England by F.S. Grimwade in 1855, but the British sat on their hands for 50 years before getting into large-scale production. Meanwhile Americans had beaten them to the punch, though it is true that the first such product they put on the market was not pure milk; it was malted milk, whose powder also contains wheat and barley. The powdered milk you buy today is made from skimmed milk; dried whole milk exists also, but is sold chiefly to industrial food processors.

The story is about the same for condensed or evaporated milk. Unsweetened varieties are made from whole milk, but for sale to bakers, confectioners and industrial food processors, who can be counted on to use it quickly; it spoils easily. Even condensed skimmed milk goes mostly to professionals, but it is not completely

skimmed; it retains about 20 percent of the solid elements of whole milk. What the average customer buys oftenest as evaporated milk is also sterilized milk, which has been heated above the boiling point, and tastes like it.

There are a number of other powdered milk preparations on the market, including ice cream in powdered form. Cream, buttermilk and whey are all dried, and butter oil, despite its name, is a dried product too, in this case butterfat. Combine dried butterfat and dried skimmed milk, and you have reconstituted whole milk, which seems logical enough — except that it isn't as simple as it sounds. Industrial equipment is required for the job. What one factory has put assunder only another factory can put together again.

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Publishing Longer Lives for Books

WASHINGTON — The Library of Congress reports that progress is being made in the battle to have books published on paper that doesn't turn to dust in 25 to 50 years. Most books manufactured in the United States have a life span of no longer than that.

The problem has been particularly acute for the library, which tries to keep a copy of every book published in the country. It has 35 acres of books, 18 million volumes, and about a third of them are too brittle to read.

That is because most books published in the United States for a century have been printed on acidic paper, made chiefly of wood

pulp. Books like that fall apart while books published 600 years ago — on paper made from rags — outlive them.

In a review of developments in the manufacture of durable paper, the library reports that more than 25 percent of paper produced for hard-cover books is acid-free. "a substantial gain over recent years."

The report credits the industry and outside researchers, including 25 years of investigations by the Council on Library Resources and prodding by the two-year-old Committee on Production Guidelines for Book Longevity.

The new processes add alkaline buffers to neutralize the acidity in paper manufactured of wood.

Art Muscovites Flocking to 'Paris' Show

MOSCOW — An exhibit of French and Soviet art is drawing huge crowds to Moscow's Pushkin Museum, but French officials say Soviet authorities made important changes in the show without consulting them.

Thousands of visitors have seen "Moscow-Paris 1900-1930" since it opened to the public on Thursday, and a million are expected to do so before it closes in four months. The exhibit, first shown at the Pompidou Center in Paris two years ago, includes 2,500 paintings, sculptures, posters, theater backdrops, concert programs and architectural sketches from France and the Soviet Union. Among them are a number of Soviet avant-garde works rarely displayed here.

French organizers say some Soviet works have been excluded from the Moscow version of the show and changes have been made in the official catalogue.

French officials are said to be particularly concerned by the deletion of three catalogue references to Leon Trotsky and one to poet Vladimir Mayakovsky.

Mayakovsky, who committed suicide in 1930, is revered in the Soviet Union, and his suicide is almost never referred to. Trotsky, a leading Bolshevik revolutionary figure who was exiled by the Soviet leadership in the 1920s, became in effect a nonperson.

In a speech at opening ceremonies afternoon, French Ambassador Henri Froment-Meurice said aspects of the exhibition "could have been better if, to the great regret of the French authorities, modifications had not been made at the last moment by the other party."

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BUSINESS NEWS BRIEFS

Boeing Announces Sale of 23 Airliners

SEATTLE — Boeing's commercial airplane division said Monday it has sold 23 aircraft to nine different airlines in deals worth a total of \$500 million.
It said the orders had been taken into account in statements concerning future delivery totals made at the company's June 4 stockholders meeting.
The orders include six of the new generation 757s, which cost between \$31 and \$34 million each and are for delivery to Transbrasil Airlines of Sao Paulo in 1985.

Belzberg Bid on Canada Permanent Delayed

TORONTO — Canada Permanent Mortgage, Canada's third-largest trust company, has delayed an unwelcome 300-million-Canadian-dollar (250 million U.S. dollar) takeover bid by the Belzberg family of Vancouver, who were rebuffed earlier this year in their attempt to take over the Bancroft Group of New York.
The Ontario Securities Commission ordered early Saturday that a two-week extension, to June 26, be given for the offer by the Belzberg-controlled First City Financial of Vancouver for all outstanding Canada Permanent shares.

Fox Shareholders Approve Davis Offer

LOS ANGELES — Twentieth Century-Fox shareholders Monday approved the sale of the motion picture studio to Denver oil multimillionaire Marvin Davis in a \$700 million deal bringing \$60 a share for the studio's stock.
Fox chairman Dennis C. Stanfill announced at the stockholders meeting that the deal would become final Friday. Under the agreement, Fox shareholders will receive \$60 for each common share and \$80 for each preferred share.
Mr. Davis became the first private individual to own a major studio since the golden era of Hollywood when movie moguls Sam Goldwyn, the Warner brothers and Harry Cohn virtually controlled the business.

U.S. Orders Exxon to Pay \$70 Million

OAKLAND, Calif. — The U.S. Energy Department said Monday it has issued a proposed remedial order calling for Exxon to pay \$70.16 million plus interest relating to allegations that the company failed to reduce its gasoline prices when it reduced octane levels, resulting in 570 million in alleged petroleum pricing violations.
In Houston, Exxon said it "did reflect in its product prices the cost savings resulting from motor gasoline octane reductions since September, 1974."

British Steel Said to Seek Partner in Japan

TOKYO — Nippon Steel Monday declined to comment on a report in the economic daily Nihon Keizai that British Steel has been sounding it out on capital requirements in Japan.
The newspaper said British Steel wants to sell more than half of Redpath's shares to Nippon Steel to help in its rehabilitation.
It said British Steel also had sought possible cooperation on joint orders for international projects such as construction of bridges and other steel structures.

Suit Against U.S. Copper Firms Dismissed

WASHINGTON — The Supreme Court has let stand a lower court ruling dismissing an antitrust suit brought against Kennecott Copper, Anaconda, Phelps Dodge and affiliated companies.
The case involved a suit brought by Reading Industries, a manufacturer of copper tubing, complaining that the companies conspired to keep prices artificially low for newly mined domestic copper, thus causing price increases in the scrap market.

Britain's Metal Box Predicts Improvement

LONDON — Metal Box said Monday it sees some signs that the worst of its problems are over. Destocking appears to be slowing, and there are some tentative signs in several parts of the business of hesitant recovery, its statement added.
Metal Box reported pre-tax profit for the year ended March 31 of £29.1 million versus £62.8 million the previous year.

Suzuki Exhorts Europe on Free Trade

TOKYO — Premier Zenko Suzuki, who leaves Tuesday for a six-country European tour, said Monday it would be "suicidal" for the West to adopt protectionism.
Alluding to strong EEC pressure on Japan to cut back exports, especially of cars, Mr. Suzuki said at a press conference that industrial democracies should maintain free trade to overcome the inflation, unemployment and deterioration of their payments balances that have resulted from two oil crises.
It would be "a suicidal act for industrial democracies to go protectionist or try to maintain the balance of payments through curtailment of trade," he said.
Also Monday, Japanese sources said West Germany's visiting Economic Minister, Otto Graf Lambsdorff, had told Japanese leaders that Japan's decision in April to limit auto exports to the United States "came as a shock to Europe" and could seriously affect the maintaining of open trade.
Mr. Suzuki is to visit West Germany, Italy, Belgium, Britain, the Netherlands and France. He said his government would help seek a solution to trade problems, with detailed talks being left to the relevant ministers.
The minister of international trade and industry, Rokusuke Tanaka, starts visits Friday to France, Belgium, the Netherlands and Britain to discuss export issues in detail.
Mr. Suzuki said his own trip is intended to strengthen ties between Japan and Western Europe.

ICL, Citing Economic Conditions, Has £33 Million Loss, Sales Drop

LONDON — International Computers Ltd. lost £33.9 million before taxes for the six months ended March 31, after a £20.5 million profit in the same period last year, Europe's largest computer manufacturer announced Monday.
Sales slipped to £318.4 million from £346.3 million, ICL said. It reported an after-tax loss of £36.1 million, compared with a £16.3 million profit a year earlier.
ICL Chairman Christopher Laidlaw said the losses, largely caused by the effects of severe economic recession, would seriously hit the company's reserves and restrict its ability to borrow. In March the British government provided ICL with loan guarantees worth £200 million.
Mr. Laidlaw said detailed proposals to correct the position are being prepared and will be circulated for consideration at an extraordinary general meeting.
On a positive note, he said ICL's larger 2966 computer is being well received and ICL expects to announce a new small-business computer in the next few weeks.

COMPANY REPORTS

Revenue and profits, in millions, are in local currencies unless otherwise indicated

Company	Year	Revenue	Profit
ICL	1980	318.4	20.5
	1979	346.3	16.3
Metal Box	1980	1,000	1,120
	1979	1,497	43.5

NYSE Prices Buoyed by Prime Drop

NEW YORK — The Dow Jones industrial average hovered just below the 1,000 mark much of the day Monday as traders on the New York Stock Exchange, their hopes buoyed by a prime rate cut, tried to launch a rally. But trading was slow.

The Dow Jones industrial average, which rose 7.05 points Friday, gained 1.85 points to close at 995.64. It had climbed above 999 at the outset and dropped back to 995 an hour later.
Advances led declines, 704-668, among the 1,918 issues traded on the New York exchange.
Volume on the NYSE was 41.58 million shares, down from the 47.18 million traded Friday.
Prices were lower in moderate trading of American Stock Exchange issues.
Analysts noted the Dow has pierced 1,000 six times this year, but has failed to hold above it for any length of time. Brokers noted the market historically has encountered selling pressures at the 1,000 level because many investors take profits at that time.

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Political Reshuffle at Pemex

By Alan Riding
New York Times Service

MEXICO CITY — The unexpected resignation of Jorge Diaz Serrano as head of Mexico's huge oil monopoly is the climax of a long and bitter campaign by Cabinet ministers and outside critics who felt that Petroleos Mexicanos had become a state within a state.
Mr. Diaz Serrano, who was replaced immediately Saturday night by Julio Rodolfo Motezuma Cid, a former finance minister and longtime associate of President Jose Lopez Portillo, was in effect undermined by his own success.
A 60-year-old former private oil contractor whose post at Pemex was his first job in government, Mr. Diaz Serrano injected life into the lethargic oil bureaucracy. In little more than four years he tripled production, multiplied exports and increased the confirmed figure for reserves tenfold to 67 billion barrels.
As a result, the government became enormously dependent on oil revenues to maintain the current economic boom, and Mr. Diaz Serrano emerged as one of Mexico's most powerful political figures. For the first time, a director general of Pemex was among a handful of possible candidates to become the next president.

Mr. Diaz Serrano's resignation, all the more surprising since it came on the eve of Mr. Lopez Portillo's trip to Washington for talks with President Reagan, was prompted by a dispute in the Cabinet over his decision last week to lower Mexican oil prices by \$4 on the world market.
On Monday last week Mr. Diaz Serrano told reporters that the failure of OPEC to agree on a production cutback, combined with the current oil glut, would oblige Mexico to reduce its oil price "in order to remain competitive."
On Wednesday Pemex announced it would maintain the price of light oil at \$38.50 a barrel while reducing that of heavier oil from \$34.60 to \$30.60. The price of the heavier crude in effect dropped from \$32.50 to \$25.50, but Pemex indicated that it would not be sold on its own.
The Finance Ministry immediately forecast that foreign debt would grow by an extra \$1.2 billion this year. Other ministries anticipated a drop of about \$2 billion in foreign oil earnings.
Mr. Diaz Serrano said in a brief written statement: "As my decision to cut the price of crude did not meet unanimous approval in the Cabinet, and not wanting to constitute an element of discord, I prefer to present my irrevocable resignation as director general of Pemex."

Government Expenditure
The government is formally committed to level off production at 2.75 million barrels a day later this year. It is ironic that, after he was attacked by conservation-minded nationalists for favoring raising production above this ceiling, Mr. Diaz Serrano's decision to lower prices may force the government to compensate for reduced earnings by increasing exports beyond the current target of 1.5 million barrels a day.
The alternative would be to trim government spending. But the Lopez Portillo administration may be reluctant to reduce its expenditure during its final 18 months in office.
If foreign oil earnings, which already account for 74 percent of total exports, do not recover quickly, Mexico's payments deficit seems certain to grow past last year's record \$6.6 billion, adding to pressure on the already overvalued peso.
In recent weeks there have been charges in the press of broad corruption in Pemex and complaints from the country's economic managers that they had no control over the corporation. In the end, though, the main impact of Mr. Diaz Serrano's resignation is political: It removes a strong figure from the succession stakes.

Before Washington Visit
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French Machine Tool Makers Seeking Help

By Jack Aboif
AP-Dow Jones

PARIS — The French machine-tool industry is in the throes of yet another restructuring plan following last year's poor performance, when domestic production declined to the lowest level in 10 years and imports rose to a new record.

After a relatively good showing in 1978 and 1979, in the wake of the government's 1976 plan, French manufacturers have returned to their chronic state of gloom.

Machine-tool production last year declined 6.9 percent to 69,312 tons, the lowest level in 10 years and far short of the 130,000-ton target set under the 1976 plan.

At the same time imports rose 48 percent to 2.34 billion French

francs (\$410 million at current exchange rates), while French exports increased 11.8 percent to 2.18 billion francs. The 161 million-franc deficit compares with surpluses of 370 million francs in 1979 and 420 million francs in 1978.

French machine-tool makers are also meeting increased competition in a number of "traditional" markets in Africa and elsewhere from cheaper and less sophisticated machines produced by Communist bloc countries.

Nationalization

As expected, the industry has once more turned to the government for help. It issued a strong appeal for state backing in a fresh attempt to consolidate a fragmented sector — 170 companies, only

20 of which employ more than 200 persons, and only 8 more than 500. This time, however, there are suggestions that the government should take control of ailing companies and perhaps of the entire industry.

Henri Line, president-director-general of the Line-PSM, France's second largest manufacturer of machine tools with an annual turnover of 350 million francs and 2,200 employees, has called for outright state-ownership of the flagging industry.

Mr. Line, who failed to raise 300 million francs to rescue his financially troubled company, said, "Since the industry is not capable of attracting private capital, the state should assume the role."

He has called for the creation of a state-owned holding company to coordinate investments and research and act as an umbrella for the entire sector.

A spokesman for the machine-tool manufacturers association rejected the idea of state ownership. "If some firms want to be nationalized, that's their problem," he said.

But given the nationalization program of the new Socialist government, state ownership of a sector considered to be important for French industrial independence should not be ruled out.

A number of major companies in the field are already under state control. These include the machine-tool divisions of Renault, Aerospatiale and Snecma.

'National Solidarity'

In its latest call for help, the industry claimed that without "significant" government intervention, its technological dependence and perhaps actual production could fall into foreign hands.

The association appealed for additional investment incentives over a long period, as well as "national solidarity" by urging the nationalized companies to buy French.

The government of former President Valéry Giscard d'Estaing had responded to French apprehensions by requiring importers to obtain "administrative visas" for a large number of machine-tools.

Eurocurrency Interest Rates
June 5/June 8, 1981

Dollar	D-Mark	Sterling	Swiss	French
1M. 19% - 19 1/2%	12 7/8 - 12 9/16	9 3/4 - 9 1/2%	12 1/2 - 12 3/4%	31 - 33
3M. 18 1/2 - 18 3/4%	12 1/2 - 12 1/2%	10 1/4 - 10 1/4%	12 1/2 - 12 1/2%	21 - 27
6M. 16 1/2 - 16 1/2%	12 1/2 - 12 1/2%	10 1/4 - 10 1/4%	12 1/2 - 12 1/2%	22 - 24
1Y. 16 1/2 - 16 1/2%	13 - 13 1/4%	10 1/4 - 10 1/4%	12 1/2 - 12 1/2%	20 - 22
		9 1/4 - 9 1/4%	12 1/2 - 12 1/2%	19 - 21

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Please send me details of your US\$ accounts available in London.

Name: _____ Address: _____

HL11

JIMBERLANA MINERALS N.L.

NOTICE TO ALL SHAREHOLDERS

The directors wish to advise you that a call of 25 cents per share has been made on all the existing 7.7 million partly paid shares so as to make them 50 cents fully paid shares. The call is due and payable no later than July 8th 1981. Following the completion of this call, all shareholders will be offered one option at 5 cents each to take up a fully paid share for every two fully paid shares then held. The exercise price for each option will be \$A1.00. Notices relating to the option issue will be despatched to registered shareholders in due course.

The directors have decided to raise this capital for exploration and mine development by way of the call and option issue rather than erode existing shareholders' interests by the placement of shares with other parties.

- The *Minador Gold Mine on the Witwatersrand Gold Fields, South Africa*, is now in production and additional ore reserves are being evaluated which have the potential to considerably increase the scope of the overall project. JIMBERLANA will have a 50 p.c. interest in the profits earned by this mine.
- In *Irian Jaya, West Irian*, exploration field teams are presently active as part of the initial phase which will cost in the order of \$A630,000 in 1981. Further work will be required on this large project in 1982.
- Encouraging results in the *Northern Territory of Australia* have indicated a number of interesting prospective uranium and base metal targets and the board has received recommendations that these should be drilled.
- In *Western Australia* the company's consultants have recommended diamond drilling of certain of the mineral leases where recent work has indicated the presence of tantalite mineralisation below the surface.
- Certain oil and gas properties are currently being investigated in the *U.S.A.* The board believes that in addition to expenditure on its presently existing projects, part of the funds raised by this call and the forthcoming option issue, should be held in reserve for these possible opportunities in the *U.S.A.* or other such prospects which could warrant the company's investment.

Shareholders are reminded that the call of 25 cents per contributing share is payable to JIMBERLANA MINERALS N.L., 7th Floor, 450 Little Collins Street, Melbourne, Victoria 3000, Australia on or before July 8th 1981.

Notices have already been mailed to all registered shareholders and no reminder notices are being despatched.

To avoid mail problems in Australia and elsewhere, shareholders are advised to pay the call to the company immediately.

Shares on which the call remains unpaid on July 22nd 1981 will be forfeited under Australian law.

Forfeited shares will be auctioned and the forfeited shareholders will no longer be registered.

D. M. L. TULLOCH
CHAIRMAN

JIMBERLANA MINERALS N.L.
7th FLOOR
450 LITTLE COLLINS STREET
MELBOURNE, VIC. 3000
TELEX: AA24028 PREMOR

NYSE Nationwide Trading Closing Prices June 8

Tables include the nationwide prices up to the closing on Wall Street.

High	Low	Close	Change
12 Month Stock	12 1/2	12 1/2	0
High Low Div.	12 1/2	12 1/2	0
30 Year Bond	12 1/2	12 1/2	0
10 Year Bond	12 1/2	12 1/2	0
5 Year Bond	12 1/2	12 1/2	0
1 Year Bond	12 1/2	12 1/2	0
3 Month Bond	12 1/2	12 1/2	0
1 Month Bond	12 1/2	12 1/2	0
1 Year Treasury	12 1/2	12 1/2	0
3 Year Treasury	12 1/2	12 1/2	0
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3 Month Bill	12 1/2	12 1/2	0
6 Month Bill	12 1/2	12 1/2	0
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3 Month T-Bill	12 1/2	12 1/2	0
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3 Month T-Note	12 1/2	12 1/2	0
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10 Year T-Note	12 1/2	12 1/2	0
30 Year T-Note	12 1/2	12 1/2	0
1 Year Bond	12 1/2	12 1/2	0
3 Year Bond	12 1/2	12 1/2	0
5 Year Bond	12 1/2	12 1/2	0
10 Year Bond	12 1/2	12 1/2	0
30 Year Bond	12 1/2	12 1/2	0
1 Year Note	12 1/2	12 1/2	0
3 Year Note	12 1/2	12 1/2	0
5 Year Note	12 1/2	12 1/2	0
10 Year Note	12 1/2	12 1/2	0
30 Year Note	12 1/2	12 1/2	0
1 Year Bill	12 1/2	12 1/2	0
3 Month Bill	12 1/2	12 1/2	0
6 Month Bill	12 1/2	12 1/2	0
1 Year Bill	12 1/2	12 1/2	0
3 Month T-Bill	12 1/2	12 1/2	0
6 Month			

AMEX Nationwide Trading Closing Prices June 8

Tables include the nationwide prices up to the closing on Wall Street.

U.S. COMMODITY PRICES

Main table containing AMEX Nationwide Trading Closing Prices for June 8, listing various stocks and their prices.

Chicago Futures table listing prices for various commodities like wheat, corn, and soybeans.

International Monetary Market table listing exchange rates for various currencies.

European Stock Markets table listing closing prices for major European indices like London and Milan.

New York Futures table listing prices for various futures contracts.

Floating Rate Notes table listing various floating rate notes and their yields.

Market Summary table providing a summary of market activity and key indicators.

Cash Prices table listing prices for various commodities like sugar and coffee.

Commodity Indexes table listing various commodity indexes and their values.

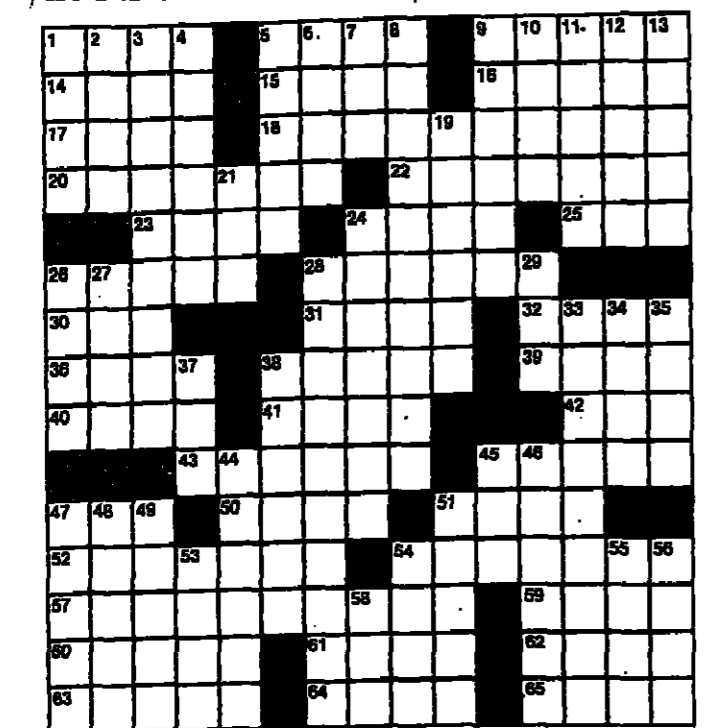
AMEX Index table listing the AMEX index and other market-related data.

The world at your finger tips. Incisive. In depth. International.

ASK FOR IT EVERYWHERE. International Herald Tribune.

Several pieces of legislation... former Premier Mehdi Bazargan... Fall and FINE Gael... late Premier Sean Lemass... world recession and continued... (Continued on Page 2, Col. 6)

CROSSWORD By Eugene T. Malachuk



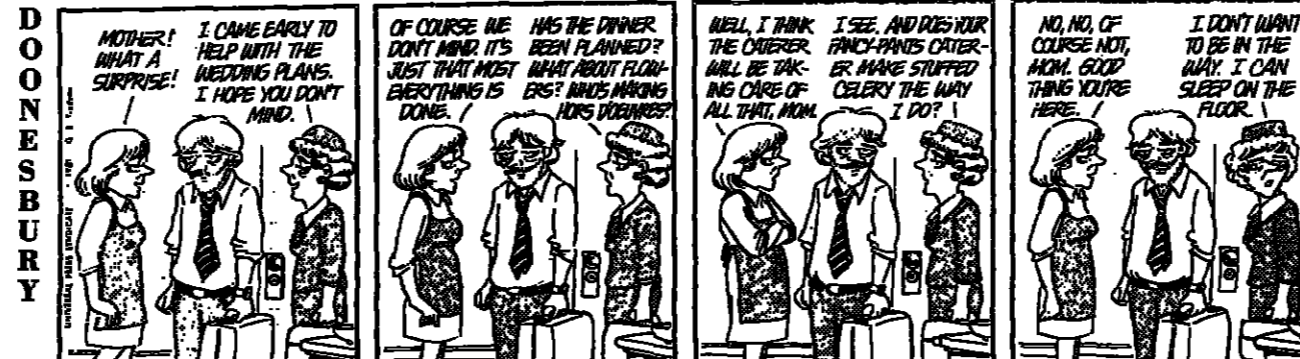
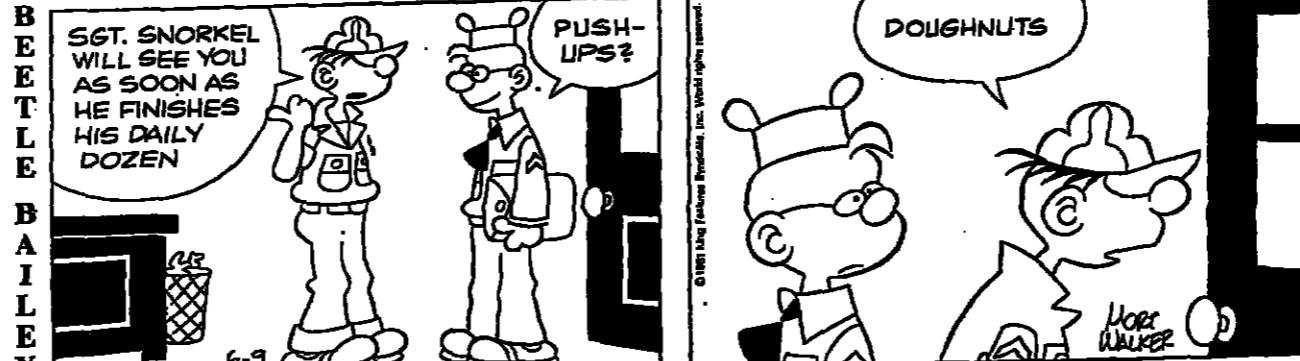
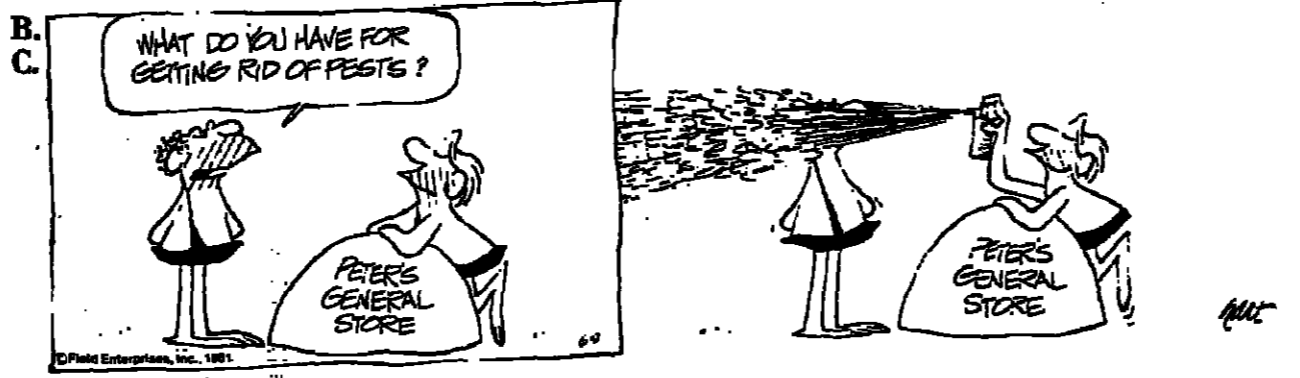
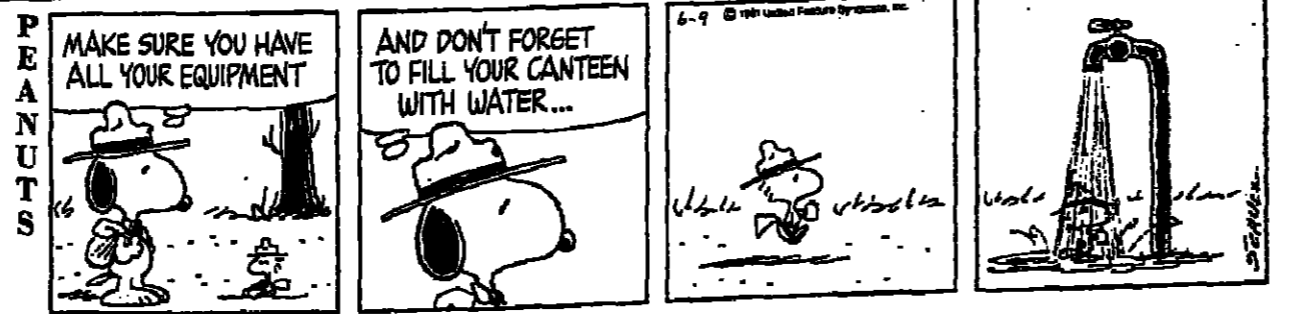
- ACROSS: 1 Fearless Fosdick's creator; 5 Gambol; 9 Aquatic birds; 14 Product sometimes made from corn oil; 15 Asseverate; 16 Show not uncommon in puzzles; 17 — Khayyam; 18 Mr. Darcy's creator; 20 Biased; 22 Cavities on the moon; 23 Slat; 24 Gull's relative; 25 Likivium; 26 Scripture; 28 Beliefs; 30 Costello or Gehrig; 31 Soaks; 32 Competent; 36 Formerly; 38 Supply station; 39 Wax; 40 Use a kiln; 41 Jacob's eighth son, in the Douay Version; 42 Rib outgrowth; 43 Stalks, to a botanist; 45 He wrote "Marius the Epicurean"; 47 My, to Zola; 50 Collections of anecdotes; 51 TV hit; 52 Rubens and Renoir; 54 Books of devotions; 57 Procrastinator's colloquial promise; 59 Iroquoian; 60 Quay; 61 Viking of fame; 62 Portico; 63 Anthony and Clarissa; 64 Soprano; 65 Mailed; 11 Collective, Russian style; 12 Wary; 13 Import; 19 Check; 21 Suffix with Bronx; 24 Siouan shelters; 26 Dollop; splotch; 27 Island in the Hebrides; 28 Intruded; 29 Droop; 33 Creator of Ah Sin; 34 Cupid's interest; 35 Pitcher; 37 "Da spreeng — com' —"; T. A. Daily; 38 Overnice; 44 Savors; 45 — de Calais; 46 Estimate; 47 Box elder; 48 Strayed; 49 Allen or Martin; 51 Chop; 53 Bolivian; 54 Drudge; 55 Celebrity; 56 Install; 58 Border, to Brutus; DOWN: 1 What some people fly; 2 River in the U.S.S.R.; 3 Creator of Wang and O-lan; 4 Entrance; 5 Prince in Punjab; 6 Elliptic; 7 "All the King's"; 8 Choir leaders; 9 One spurning; 10 "— of Eden"; 11 Collective, Russian style; 12 Wary; 13 Import; 19 Check; 21 Suffix with Bronx; 24 Siouan shelters; 26 Dollop; splotch; 27 Island in the Hebrides; 28 Intruded; 29 Droop; 33 Creator of Ah Sin; 34 Cupid's interest; 35 Pitcher; 37 "Da spreeng — com' —"; T. A. Daily; 38 Overnice; 44 Savors; 45 — de Calais; 46 Estimate; 47 Box elder; 48 Strayed; 49 Allen or Martin; 51 Chop; 53 Bolivian; 54 Drudge; 55 Celebrity; 56 Install; 58 Border, to Brutus

WEATHER

Table with columns for city, high, low, and weather conditions. Includes cities like ALGARVE, ALGIERS, AMSTERDAM, ANKARA, ATHENS, AUCKLAND, BANGKOK, BEIRUT, BERLIN, BOSTON, BRUSSELS, BUDAPEST, BUENOS AIRES, CAIRO, CASABLANCA, CHICAGO, COPENHAGEN, COSTA RICA, DUBLIN, EDINBURGH, FLORENCE, FRANKFURT, GENEVA, HELSINKI, HONG KONG, HOUSTON, ISTANBUL, JERUSALEM, LAS PALMAS, LISBON, LONDON, LOS ANGELES, MADRID, MANILA, MEXICO CITY, MILAN, NIAN, MONTREAL, MOSCOW, MUNICH, NAIROBI, NAGASAKI, NEW DELHI, NEW YORK, NICE, OSLO, PARIS, PEKING, PRAGUE, RIO DE JANEIRO, ROME, SALESBURY, SAO PAULO, SEOUL, SHANGHAI, SINGAPORE, SYDNEY, TAPEI, TEL AVIV, TOKYO, TUNIS, VENICE, VIENNA, WARSAW, WASHINGTON, ZURICH.

ADVERTISEMENT INTERNATIONAL FUNDS

Table listing various international funds with their names and values. Includes sections like ALLIANCE INTERNATIONAL, BANK JULIUS BAER & Co. Ltd., BANK OF AMERICA, BRITANNIA TRUST, CAPITAL INTERNATIONAL, CREDIT SUISSE, DIT INVESTMENT FRANKFURT, FIDELITY FUND, JARDINE FLEMING, LLOYDS BANK, RBC INVESTMENT, ROTHCHILD ASSET, ROTHCHILD ASSET, SOFID GROUPE GENEVA, SWISS BANK CORP., UNION BANK OF SWITZERLAND, UNION INVESTMENT.



JUMBLE word game section with a grid of letters and a cartoon illustration of a man in a boat.

BOOKS

JULY'S PEOPLE By Nadine Gordimer. 159 pp. \$10.95. Viking, 625 Madison Ave., New York 10022.

Reviewed by Anatole Broyard. THE Smales are the kind of white Johannesburg liberals who believe they can be recognized even through the sights of a gun. There have been riots and shooting before, and always the broken glass was swept up and life went on. This time, though, the explosions they hear are "explosions of rage," and they realize that it is time to go, if they still can. Bam Smales has just purchased a bright yellow Bakkie, a small sporting vehicle for hunting excursions in the bush, and it is in this that they make their escape — only now they are the hunted animals. He, his wife Maureen and their three small children are led to a family compound in the bush by July, their black servant. "July's People" is Nadine Gordimer's projection of what it will be like if or when the time comes for the whites to leave Johannesburg. And since she writes more knowingly about South Africa than anyone else, this may be history in the making that we are reading. Why do they come to us? July's wife asks. Because they have nowhere else to go, he answers. Nowhere? she says. Nowhere? But you told me that these people have a room for sleeping, one for reading, for eating, for cooking, for washing and moving the bowels — and now they have nowhere to go? "White people," July's wife says, "must have their people somewhere. Aren't they living everywhere in the world?" Her next question is, "What will they do to us now?" And July says, "Nothing to us anymore." The Smales who had a room for everything now live in a small, windowless hut with a leaky grass roof and a stamped mud and dung floor. Maureen Smales had often thought of taking the family camping to one of these on a permanent vacation. Now they are on a permanent vacation. She and her husband sit and wait for history to come for them like "people in a hospital waiting room in the small hours, not looking at one another."

SAND RIVERS By Peter Matthiessen. Photographs by Hugo van Lawick. 213 pp. \$19.95. Viking, 625 Madison Ave., New York 10022.

POLITICS roars louder than lions now in Africa and irony is a hyena laugh. The new white hunter is the writer who tracks and shoots down man-eating incognitivities. The safari is usually psychological. Peter Matthiessen is an exception. Though he is a writer, he is also a naturalist who reminds us that, outside of the towns and cities, Africa is still one of the most beautiful wild places in the world. "Sand Rivers," he takes us on a month-long safari into the Selous Game Reserve in southeast Tanzania, which he describes as the largest wildlife sanctuary on that continent and the greatest stronghold of wild animals left on earth. With Matthiessen is Brian Nicholson, a man who, as the last warden of the reserve, had spent more than 20 years there. Nicholson is an old-fashioned African enthusiast, one who sees contemporary Africa as a young continent wasting its resources like a teen-ager wasting his formative years. When he says that progress is turning many first-class Africans into third-class Europeans, one feels that he has earned the right to make the judgment. He and Matthiessen offer an interesting dialectic for the author of "Sand Rivers" is rather pious about Africa and its people. Though he wrote in 1965 a brilliant and bitter novel set in South America, his subsequent work has tended to be a bit solemn. In this book, he worries about getting along with Brian Nicholson, as if they were in an encounter group rather than on a safari. He himself seems to be as sensitive to human presences as a wild animal. He is very good, though, in describing Africa. While most think of it as the "dark" continent, Matthiessen reminds us that, in its plant, bird and insect life, it is a riot of color. Even a grasshopper is "pink-lavender." In order to stimulate the growth of new grass, Nicholson has his men burn last year's dry stalks — a common practice — and this sometimes leaves them walking through a black and smoking ruin. It is as if the former warden enjoyed the metaphor, for burned-out and smoking with dissection is how Africa appears to him now. Poaching is decimating the animals, the trails are being neglected, soon the government will be caving the timber. Of course, he has good yarns about the old days: hunting stories, encounters with man-eating lions, treks through virgin country. He points out that carefully restricted safaris supported the enormous reserves in his time and could once more. According to him, it is only such close supervision that has kept the Selous Game Reserve from deteriorating as the great Kenya parks have. Matthiessen quotes him on the difference between a park and a game reserve: Here there is no minibus beside the lion, the animals are not sophisticated, and they are strikingly healthy compared to the scruffy specimens you see in the parks. In this untouched country, it is even possible to drink the water without fear. Matthiessen is a proper romantic about Africa. He refuses an armed guard when he goes strolling alone in the bush because this would destroy the "feeling of intensity and suspense." He appreciates the "alertness" that being unarmed encourages. There are no politics in the bush; only attack and defense: five wild dogs killing a warthog, a hippopotamus savaged by a lion, a cobra that was tolerated until it spat on one of the carriers, hyenas browsing through the camp in the dark. A rhinoceros making a stand in front of its calf is the high point of the trip for Matthiessen. The organizers of the trip called it "the last safari into the wilderness." The statement has an apocalyptic sound, but then the new Africa has more apocalypses than lions.

Anatole Broyard is on the staff of The New York Times.

BRIDGE

BRIDGE section with a card game diagram and text. Includes North, South, East, West hands and a commentary on the game.



PEOPLE: '42nd Street,' 'Amadeus' Win Top Tony Awards

I Can't Imagine Wanting to Wear Someone Else's Name On My Derriere, but If I Ever Did, I'd Want the Original



Designer Galanos: Nancy Reagan likes his outfits.

By Hebe Dorsey International Herald Tribune

LOS ANGELES — Even the cab driver could not believe it. "This ain't no fashion district," he kept saying. It looked like a run-down industrial area, not a place where you'd expect to find a famous designer. Yet, there it was, Galanos, a small plaque on a small door.

The Philadelphia-born designer, who is widely considered one of the United States' finest talents (and the most expensive, with dresses from \$1,595 to \$15,000), smiled at the visitor's surprise and said: "I bought that place 20 years ago because it was cheap and convenient." James Galanos, who recently turned 55, smiled and looked around his modest, cluttered office where, in a corner, are three Coty fashion awards that he won some years back.

Of all U.S. fashion designers, Galanos is probably the most reclusive as well as the most private. Let others put their names on everything and reap a fortune. Galanos is not interested. "I had all those offers when I started my career," he said. "Continental Airlines wanted to design uniforms. So did TWA. Timex asked us to design watches. Fieldcrest wanted us to design sheets. I said no, I still say no, because I could not put my name to something unless I was totally involved. And I simply didn't have the time or desire to be totally involved. I can hardly keep this thing going. Very few designers are really artistically involved in the things they put their names on. I would never, for instance, put my name on jeans. I can't imagine ever wanting to wear someone else's name on my derriere, but if I ever did, I'd want the original."

Lofty Style There is little chance that Galanos will put his name on anyone's derriere. His lofty style is more associated with elegant glamour, satin and sequins, the likes of which Nancy Reagan has been wearing for years and that she wore at the inaugural ball. Galanos' name has been very much in the spotlight since people noted he is one of Mrs. Reagan's favorites.

"There's been a revival of interest in what we do," he said. "We're very lucky," he added, "because Mrs. Reagan stimulated the fashion industry, simply because she showed an interest in clothes and entertaining — as opposed to the last regime which was low-key and, you know, homespun." Mrs. Reagan "has simplicity and a sense of quality that's appealing to the general public."

Other customers, who also happen to be Mrs. Reagan's friends, and, in a strange way, almost look-alikes, include Betsy Bloomingdale, Mrs. Ray Stark, Mrs. Walter Annenberg and Mrs. Earle Jorgensen. Rosalind Russell, who has worn Galanos' clothes since the designer was an assistant to Jean Louis at Columbia Pictures, is another steadfast fan. "It's hard to believe, but I did come here 30 years ago because I wanted to work for the movies," Galanos said. "Everybody says I'm a couturier. In fact, I make high-priced clothes, but unlike Seventh Avenue, our clothes are not processed clothes. Everything is

lined, the silk lining alone sometimes costs \$25 a yard. Every dress is individually made. Our clothes are as expensive as Paris couture clothes. It's unbelievable but they sell. I have a woman who buys a minimum of 25 models per season, all priced between \$3,000 and \$6,000. Most of those women used to go to Paris and go through those fittings. But they don't want it any more. It's passé. They want to see the finished product. Like it or don't like it. Then, we make small adjustments on their figures."

Galanos' turnover is about \$2.5 million. "It sounds small but that is a tremendous volume for that price range," he said. "It means about a thousand outfits a season." Although he is associated with evening wear, "we do everything, including coats and suits." His clothes are expensive because, as he explains, they are made exclusively of European fabrics ("minimum price is \$50 a yard") and trimmed with accessories also bought in Europe.

"Both my parents are from Greece," he said. "I like Europe very much." Galanos, who once worked for Robert Piguet in Paris, uses the same fabrics that are used by top Paris designers.

"However, it's not easy," he said. "I have to be on the phone all day. As in the early couture days, everything is done on the premises and hats and shoes are designed especially for each collection, not to be sold or licensed later. "I sell them cheap to my models after the shows are over," he said. Clothes are put together in an artisanal fashion, in primitive lofts the likes of which could be found in the most obscure parts of Paris. Galanos' operation also recalls the old days of couture, when it took a week to make a dress. Buttons, for instance, are still made by hand.

In Paris, the only designer he really admires is Yves Saint Laurent. On the whole, except for Bill Blass, he thinks poorly of his U.S. colleagues. "What saddens me," he said, "is that the quality is not there today. The clothes are expensive and the prices are not justified."

California designers, he said, "don't want to be Paris or New York. They don't care. There is a lifestyle here that is unique in the world. Rodeo Drive is lined with the most luxurious shops and people go around in jogging suits and sneakers. Yet, they entertain quite beautifully, their homes are fantastic, they dress casually, yet richly. They're not afraid to put fantastic jewels with casual clothes. They have a sense of style and are not afraid of it. It's not pretentious. If you went to a rich resort in Europe, they'd be more serious and pretentious. Here it's easy, relaxed and throwaway."

But sloppy, perhaps? "The whole world is sloppy," Galanos replied.

"42nd Street" won a Tony award. New York theater's top honor, as Broadway's best musical, while an English import, "Amadeus," topped the drama category with five Tonys, including the best-play award. Lauren Bacall, a Tony winner in 1970 as the star of "Applause," won her second Tony for "Woman of the Year," a based-on-a-movie musical in which she stars as a TV anchorwoman who falls in love. Her show also won awards in the best-book and best-score categories. Kevin Kline, the swashbuckling Pirate King in the revival of "The Pirates of Penzance," won as the season's best actor in a musical. The show also won Tonys as the 1980-81 season's best revival and for the direction of Wilford Brinley. Elizabeth Taylor, nominated for a Tony in her Broadway debut in a revival of "The Little Foxes," didn't win. Instead, the award in the best-actress, drama, category, went to England's Jane Lapotnik, star of "Piaf," about the ill-fated French singer. Tony voters also picked another visitor from England, Ian McKellen, as the best actor in a play for his role in "Amadeus," in which he plays Antonio Salieri, the bitter court rival of composer Wolfgang Amadeus Mozart. The show also won honors for its author, Peter Shaffer, a winner in 1975 for "Equus," and for Peter Hall, the director, and John Bury, who won awards for his "Amadeus" set and lighting. There was an emotion-packed moment during the ceremonies when the late Gower Champion was awarded a Tony for his choreography of "42nd Street," based on the movie classic. The black-tie audience at the Mark Hellinger Theater, site of the 35th annual awards ceremony, erupted into sustained applause when Champion's name was announced. His son, Gregg, accepted the award for Champion, a five-time Tony winner who died last August on the day his show opened.

Nobel Prize poet Czeslaw Milosz was acclaimed as a national hero when he returned to his native Poland after nearly 30 years of self-imposed exile. Milosz, now a U.S. citizen, is on a two-week tour of Poland to give poetry readings and receive an honorary degree from the Catholic University at Lublin. Milosz served as Polish cultural attaché in Paris during the early 1950s, and in 1953 he refused to return to Poland. Almost all of his works were banned, and most Poles learned about him for the first time when he won the Nobel Prize for literature last year.

Feminist Gloria Steinem says the popularity of the Moral Majority is "a tribute to the success of the feminist movement." The founder of MS. Magazine told a luncheon meeting of the City Club of Chicago, "They wouldn't need a Moral Majority if it weren't for the women's movement." ... Evangeline Goulet Carey, the wife of New York Gov. Hugh Carey, says her introduction to the women's movement didn't come from books, movies or consciousness-raising sessions. "It came from my parents and brothers, who always treated me equally to them," she said in Saratoga Springs, N.Y., at the 1981 conference of the Pan Pacific and Southeast Asia Women's Association, established to promote friendship among Asian and Pacific countries.

It's four years since actress Jean Marsh last faced the TV cameras as the maid Rose in "Upstairs, Downstairs," but she says her fans still think of her as Rose. "I honestly don't understand it," she says. "I've cut my hair, I now wear glasses, and I don't sound like Rose, with her Cockney accent. But people still come up to me and say 'Hello, Rose.'" "Upstairs, Downstairs" has filled Jean Marsh's pockets: She has a share in all royalties as co-ordinator. "For a girl who was born in a poor section of London, I now have an apartment on New York's rich East Side and a house in a rich part of Oxfordshire — both of which keep me quite poor."

Choreographer George Balanchine, head of the New York City Ballet, has been honored by the Austrian government and by the Jewish National Fund. He was given the Austrian Decoration of Honor for Science and the Arts in recognition of his longtime interest in Austrian composers such as Mozart, Schubert, Brahms, Wagner and Johann Strauss Jr. The JNF, an organization devoted to land reclamation and forestation in Israel, awarded Balanchine its First Annual Tarbut Alachine for his contributions to dance in America and the world. ... In Mount Vernon, Iowa, Chai Zemin, Chinese ambassador to the United States, received an honorary doctorate of laws degree from Cornell College. Chai described the presentation as "a moment of exceptional joy in my life."

Contributing Factor Galanos

WASHINGTON — The White House has proposed a serious relaxation in the 1977 Foreign Corrupt Practices Act, which was intended to prevent American companies from bribing foreign officials.

The administration maintains that the United States is losing too much business to competitors because U.S. firms can't grease the palms of some of their best customers.

If Congress goes along with it, U.S. executives are going to have to do a complete switch, as most of them had given strict orders not to offer bribes for contracts abroad. The truth of the matter is, U.S. company sales reps are out of practice.



Buchwald

"A five-year, low-interest, financed contract in which you would guarantee to buy \$10 million of formula at world market prices."

"That's very interesting. My brother-in-law would like that. But what about his wife's foundation for the widows and orphans of Enchilada?"

"We would be happy to make a contribution."

"Good. The money is to be deposited in Switzerland."

"Why Switzerland?"

"That is where the foundation has its headquarters."

"No problem. Then it's a deal?"

"Not yet. I'm sure your country is interested in the welfare of our people. I am the president of Enchilada United Way, and we are in the middle of our fund drive."

"Of course. Our company always gives to the United Way."

"Here is the numbered bank account of the Enchilada United Way in Liechtenstein. Just have your bank wire my cousin's bank in Miami. He is treasurer of the fund."

"Our bank will attend to it. Can we sign a letter of agreement now?"

"I'm not in the position to sign such a letter. That has to be done by my uncle, who is minister of commerce. I will write a note to him, but I warn you he's a tough man to deal with. He only accepts diamonds."

"We'll find diamonds. Anyone else on the list I should know about?"

"If you could find it in your heart to spare a few dollars for Army Chief General Valdez's Veterans Hospital, he would be eternally grateful."

"Of course. Where is the hospital?"

"It hasn't been built yet. But he'll be happy to show you the plans."

"If my company has anything to say about it, he shall have his hospital."

"You've done great," I told Doppel. "You're going to make a great comeback in the international bribery business."

"Whew," he said, relieved, "for a while I thought I had lost my fast ball."

"Everyone has been offering you puppy formula. What are your terms?"

"Your Excellency, thank you for your wonderful hospitality. I have never had such a sumptuous banquet in my life."

"It is my pleasure, Mr. Doppel. Tell me, what brings you to Enchilada?"

"My company is interested in arranging a contract for the sale of puppy formula. We believe this could make a great health contribution to Enchilada, as it would save your dogs from breast-feeding their young."

"Everyone has been offering you puppy formula. What are your terms?"

"Your Excellency, thank you for your wonderful hospitality. I have never had such a sumptuous banquet in my life."

A friend of mine from a multinational confessed this to me the other day. "I was pretty good at bribing politicians abroad in my time," he told me, "but I think I've lost my touch."

"It will come back," I assured him. "It's like a foreign language. All you need is a little practice."

"That's why I came over tonight," he said. "I was hoping you would help me brush up."

"Sure," I told him. "Why don't you play yourself and I'll play the brother-in-law of the president of a country where you're trying to get a big order."

"That would be great. Let's pretend that we're having dinner at the brother-in-law's palace."

"You're on."

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EMPLOYMENT

EMPLOYMENT. TEACHERS AVAILABLE. DOMESTIC POSITIONS WANTED. EDUCATION.

EMPLOYMENT. EXECUTIVE POSITIONS AVAILABLE. EXECUTIVES AVAILABLE.

EMPLOYMENT. INTERNATIONAL SECRETARIAL POSITIONS. SECRETARIAL POSITIONS AVAILABLE.

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